



Daily Report

China

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Daily Report

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General

PRC: Shanghai Reiterates Ban on Greenpeace
OW1106042196 Hong Kong AFP in English
0403 GMT 11 Jun 96

[FBIS Transcribed Text] Shanghai, June 11 (AFP) — The Shanghai Municipal Government Tuesday [11 June] reiterated its ban on the MV Greenpeace coming into port, a day before it was due to reach Chinese waters to stage anti-nuclear protests.

"The Shanghai Government's attitude and position on the matter is clear enough," said Guo Qiyuan, division chief of the foreign affairs office. "Nothing has changed. We have declared that three times already."

Asked whether the authorities expected the ship to enter Chinese waters without permission, he said, "we don't know, we cannot foresee whether they will come or not because the ship is in their hands."

On attempts by foreign correspondents to reach the environmental pressure group's vessel, he said: "They should know whether to go or not to go. They should find out the answer by themselves. They should be clear about our attitude and position for that matter."

Guo declined to say what preparations were in place to ensure that the Greenpeace stayed outside Chinese waters or to keep foreign reporters from reaching the vessel.

The former ocean tug, which is making its first foray into China, is scheduled to reach Chinese territorial waters outside China's largest port at midday Wednesday (0400 GMT).

There is apprehension on board as to how authorities will react when that happens, despite appeals to Chinese President Jiang Zemin for a "cordial" reception.

PRC: Spokesman on Right 'To Take Measures' Against Greenpeace
OW1106074896 Hong Kong AFP in English
0741 GMT 11 Jun 96

[FBIS Transcribed Text] Beijing, June 11 (AFP) — China reserves the right "to take measures" if a Greenpeace ship approaching Shanghai attempts to force its way into any Chinese port, foreign ministry spokesman Shen Guofang said Tuesday [11 June].

PRC: Premier Li Peng Interviewed on Issues
MS1106100396 London FINANCIAL TIMES
in English 11 Jun 96 p 19

[Report on interview with Chinese premier Li Peng by Tony Walker, Peter Montagnon and John Ridding; date and place not given]

[FBIS Transcribed Text] Mr Li Peng, the Chinese premier, cannot be accused of underselling China's growing economic and political weight. In a lengthy interview with the Financial Times, he provided a blunt assertion of Chinese self-interest by warning US companies that they will lose ground to their European counterparts because of "more lenient" views in Europe towards his country.

Mr Li, 67, was clearly intent on signalling that China would not hesitate to use the attractions of its vast domestic market and virtually insatiable appetite for technology to advance its interests.

"If the Europeans adopt more co-operation with China in all areas, not just in economic areas but also in political and other areas," he said, "I believe the Europeans can get more orders from China."

His observation that European companies will prosper if their governments behave themselves in relations with China could not have been expressed more crudely. Yet China's premier, vilified in the west for ordering the crackdown on student demonstrators in 1989, appears to be playing a more subtle game.

He has embarked, it seems, on a fairly determined effort to improve his image, not just in China but also in the west. He is travelling abroad more frequently, most recently to France where he signed a substantial order with Airbus. Before that, he was in Bangkok for the Euro-Asia summit where he held meetings with many of Europe's leaders.

Mr Li's new choice of venue for official meetings is also revealing. He has begun to hold court in a traditional oriental villa, previously occupied by Zhou Enlai, a giant of the communist revolution and China's first post-1949 prime minister.

Use of the Xi Hua, or "west flower", pavilion in Beijing's Zhongnanhai leadership stronghold, implies a wish to emphasise a link with one of the less tarnished personalities of the Mao era. Sentiment may also be a factor: as the infant son of a "revolutionary martyr" executed by the Nationalists in 1931, Mr Li was "adopted" by Zhou Enlai and his wife, Deng Yinghao, a childless couple, and thus drawn into the communist elite.

In the 90 minute discussion, during which he ranged widely on issues from the economy to human rights, China's premier spoke confidently about his country's future and exhibited little sign of his customary prickliness.

Without yielding ground, he sounded relatively conciliatory about relations with the US, the handover of Hong Kong and even about Taiwan which was at the "core" of Beijing's difficulties with Washington. He was anxious, it seemed, to reassure foreign investors that China would continue to provide a stable environment.

But in keeping with a reputation for being one of the leadership's more nationalistic figures, he emphasised that China would resist western pressures for greater economic and political liberalisation. In that context, he conveyed a flavour of China's increasing self-confidence, even swagger, as its economic power grows.

Typical of this were his observations about China's attempts to join the World Trade Organisation, which are in limbo pending resolution of a range of issues, including market access. "When I made a speech in Paris recently to the business community, I said that if China cannot join the WTO, then we think that the WTO should change its name to the Regional Trade Organisation. My remarks won very thunderous applause."

Mr Li also bared his teeth in his somewhat triumphalist observation about what he saw as a shift in US attitudes towards China in the past few months. "It seems that people both within and without the US government have come to realise the importance of China. That's why they advocate an engagement policy rather than an isolationist policy."

"This can be termed progress because before they miscalculated the situation. They thought that, with the end of the cold war and the disintegration of the former Soviet Union, China was no longer important to the US. They may even have thought that China, like the former Soviet Union, would disintegrate very rapidly. But the facts have negated these ideas. They have shown a strong China is standing rock firm in the world and will continue to develop so the US has no choice but to deal with China."

Mr Li is at an interesting moment in his premiership — his term is due to expire in early 1998 and he may be looking to his next task which might involve appointment as vice-chairman of a restructured Communist leadership. At a relatively young age for a Chinese leader, he could expect to occupy positions of influence into the next century.

He would also be concerned that his decade as premier be regarded as one of significant achievement, hence his emphasis on China's having laid a stable foundation for further "reform and opening".

Contrasting China's path to reform with that of the former Soviet Union which was "not very clear", he observed: "Every country has its own national conditions and may choose a different development, but one thing is clear... without a stable political situation it is almost impossible for any developing country to develop its economy."

He also made clear that China remained firmly wedded to "gradual" reform: there would be no headlong rush to a market economy. "What kind of role will the government play in the course of economic development?" he asked. "That is exactly the question that will be answered by a socialist market economy. We think the market plays a fundamental role in the allocation of resources but in China, a socialist country, the fundamental role played by the market can only be brought into full play under the government's macro-economic regulation and control."

To that end, China will in the next period of reform switch its attention increasingly to what he described as a "shift from an extensive growth economy to an intensive growth economy, or rather, change from quantitative growth to more efficiency-oriented growth".

China's premier, who has a reputation as a hardliner on political reform, indicated that such reform was on the agenda but the pace of change would be slow. While rejecting any notion of China evolving into a "western-style democracy", he said: "We will develop our democracy to suit China's natural conditions and we will deepen political restructuring and further develop our democracy according to our characteristics."

Mr Li may continue to issue threats against those who appear unfriendly to China. But his remarks and demeanour indicate he is intent on exhibiting a friendlier face to the outside world — and recognises that China's interests require a greater effort to seek compromise rather than confrontation.

PRC: Students Deliver Letter to UN on Project Hope

*OW1006232196 Beijing XINHUA in English
2040 GMT 10 Jun 96*

[FBIS Transcribed Text] United Nations, June 10 (XINHUA) — Representing 1.25 million Chinese donated students of Project Hope, one boy and two girls today delivered a letter to U.N. Secretary-General Butrus Butrus-Ghali on the seven-year-old nation-wide project.

"We are from the remote poverty-stricken areas of China. Because of poverty, our parents could not support us to school, so we had to leave school," said the three children in the letter. They came to the United Nations en route to Buffalo City to participate in the 1996 Olympic Torch Relay.

"Comparing with the other children, we were unfortunate, but on the other hand we are the most fortunate children under the sun, because Project Hope has changed our life, it made us back to school and again have the chance to education as the other students do," it said.

Project Hope, which was launched by the China Youth Development Foundation in 1989, aims to promote elementary education in China's poor rural areas by mobilizing social resources and to support school dropouts whose families are too poor to afford them to school.

For seven years, with nearly 1 million U.S. dollars donated by the public, Project Hope has helped more 1.25 million school dropouts to return to school and built more than 2,000 Hope primary schools in those poor areas.

"The China Youth Development Foundation follows very closely the courses of the United Nations on eradicating poverty, illiteracy, and strengthening families," said Rosario Green, special adviser to Boutros-Ghali, who is now in Turkey attending the U.N. conference on settlement. Ms. Green accepted the letter on the behalf of the secretary-general.

"The secretary-general is a strong believer in the power of the civil society to change things in the world," she said. "Although the United Nations is an inter-governmental organization, we work very closely with non-governmental organizations, we are always trying to find ways and means to strengthen the relationship."

She praised the visit by the three donated students for providing a good opportunity to exchange views and enhance mutual understanding.

United States & Canada

PRC: Article on Need for U.S. To Increase Dialogue
HK1106072296 *Beijing CHINA DAILY in English*
10 Jun 96 p 4

[By Yang Chaoying. "US Must Stop Changing Tack On Chinese Issues"]

[PTS Transcribed Text for FBIS] With the end of the Cold War and the disintegration of the former Soviet Union, there have been some considerable reversals and regressions in US policies towards China.

In keeping with the needs of its domestic and foreign policies, the United States has taken action on the issues of Taiwan, Tibet, human rights, economics, trade and arms control, which seriously affect bilateral relations.

The three Joint Communiques are the basis of Sino-US relations. So long as both sides abide by them, relations will develop.

However, the United States has acted against such principles. In particular, it has gone back on its promises on the Taiwan issue.

The government of the People's Republic of China is the sole legitimate government representing China. In what manner the Taiwan issue will be resolved and the unification of the motherland be achieved is entirely China's internal affair.

However, the United States has acted many times against the "One China" principle, hurting Sino-US relations.

These acts interfere in China's internal affairs, infringe upon China's sovereignty and hurt the sentiments of the Chinese people.

On the issue of Tibet, the United States often forgets to practise what it preaches. The US Government has stated publicly many times that it recognises that Tibet belongs to Chinese territory and that it does not recognize "Tibet independence" and the so-called "government-in-exile" of the Dalai Lama.

But the US Government and Congress have long supported the Dalai Lama in his activities aimed at splitting the motherland, with President Clinton receiving the Dalai Lama in the White House once a year in each of the past three years and providing him with a political forum to advertise "Tibet independence."

In the name of "freedom," "democracy" and "human rights," the United States often interferes in the internal affairs of other countries, with areas of interference extending from human rights to birth control policy and the so-called "export of prison labour products."

Given the fact that each country has its respective political systems, economic developments and cultural traditions, it is inevitable that there should be differences between China and the United States in their understanding of and policies on human rights.

The United States should respect the particular conditions of other countries and not impose its own values on others.

It may also be said that the hegemonic style of the United States in handling international affairs can be found everywhere.

In arms control, for example, the United States remains at the top of the world's arms exporters, according to statistics published by the United Nations on November 1, 1995.

While the United States sold large quantities of weapons to various parts of the world every year and continuously sold Taiwan—a part of China's territory—"Patriot" missiles, F-16 fighters and other advanced weapons, it made groundless accusations that China proliferated weapons of mass destruction.

The fact is that the Chinese Government has always taken a cautious and responsible attitude toward its foreign arms sales and the non-proliferation of weapons of mass destruction honouring its publicly declared principles such as not selling weapons to warring countries and areas, seeing that weapons sold must be favourable to the military balance of the recipient regions and not attaching any political conditions to the recipient countries. Besides, its foreign arm sales are small.

In settling the difference in the area of trade between the two countries, the United States has resorted to the threat of sanctions, forcing China to make commitments on issues of marked access and reentering GATT beyond the capacity of a developing country.

The United States has become the major obstruction to China's entrance into the World Trade Organization.

Caring about maintaining peace and stability in the Asia Pacific region and the world, the Chinese Government has always attached great importance to Sino-US relations, taken a cautious and responsible attitude in handling their bilateral relations and made unremitting efforts to improve and develop bilateral relations.

I am convinced that China will, as always, handle Sino-US relations in a responsible way. It is also my sincere hope that the US Government will take action to increase dialogue and co-operation between the two countries in all areas.

In particular, it must prevent any new reversals or regression on the Taiwan issue, so that relations between the two countries can develop in a lasting stable and healthy way on the basis of the Five Principles of Peaceful Co-existence and three Joint Communiques.

(The author is an associate research fellow at the China Institute for International Strategic Studies.)

PRC: Trade Sanctions To Affect Screening of U.S. Films

OW1106092996 Beijing XINHUA in English
0857 GMT 11 Jun 96

(FBIS Transcribed Text) Shanghai, June 11 (XINHUA) — The curtain could come down on Hollywood blockbuster films in China if a trade war develops with the US, Chinese film officials have warned.

It took the big studios many years to gain a foothold in China. Now audiences across the country can watch smash hits such as *Forrest Gump*, *True Lies* and the *Lion King*.

But the years of progress could be swept away, with Hollywood being the loser if the States imposes its trade sanctions against China in the Intellectual Property Rights (IPR) row.

Ironically it was to protect IPR that partly persuaded the Chinese government to allow Hollywood to show its big-budget films in China at the same time that the films were being screened around the world.

But if the trade war develops China has announced that the import of US films will be banned.

Film officials in Shanghai have urged the US government and Hollywood to appreciate the impact on its film industry if the door is slammed on one of the world's biggest movie markets.

Xie Baoxin, manager of the Shanghai Film Issue and Show Company, said that if a Sino-US trade war occurs, it would be harmful to both sides, but Hollywood would suffer the most.

Xie, whose company is in charge of issuing Hollywood films in Shanghai, made the grim forecast during an interview with XINHUA.

Xie said that if China stops the import of films from Hollywood, it can turn to other developed countries. Xie believes it has been a long-cherished goal of many foreign film makers to export their products into China, where cinema audiences reach an annual six billion.

In the event of a trade war Hollywood will lose the film market in China which it has just achieved.

Historical material shows that since the 1920s, Shanghai has been a major Chinese city in which Hollywood films have been popular. These films occupied an important position in Shanghai's film market in the early years after the founding of New China in 1949.

Hollywood films were first banned from China when the Korean war broke out in the early 1950s.

Hollywood films were refused by China for more than 30 years until Sino-US relations were normalized in the 1980s. And then only a few out-of-date films such as "Love Story" were shown in China.

To boost the development of the domestic film market and enrich people's lives, China began to import foreign films under the international norms of profit-sharing. China also imported some Hollywood films which were shown simultaneously in overseas countries and regions.

Figures show that in 1995, Shanghai imported seven Hollywood films including "True Lies", "Speed", "Forest Gump", "The Lion King", and "Die Hard", with total box-office earnings reaching 50 million yuan, accounting for one-seventh of the total box-office earnings of new Hollywood films shown in the country.

Of these films the box-office earnings of "True Lies" reached 13 million yuan, and that of the "Lion King" accounted for 50 percent of the country's total.

Manager Xie said that box-office earnings are a touchstone to test the protection of intellectual property rights.

Xie said that good box-office earnings of Hollywood films have proved the achievement China has made in protecting intellectual property rights.

Xie believes that film art is the common wealth of the world. Importing films which are appreciated by Chinese people is a way of promoting cultural exchanges between China and other countries.

People who treat these exchanges with a lopsided and rude attitude would suffer the most, Xie noted.

Northeast Asia

PRC: DPRK Vice President Meets Delegation From Jilin

OW1006111596 Beijing XINHUA in English
1057 GMT 10 Jun 96

[FBIS Transcribed Text] Pyongyang, June 10 (XINHUA) — Yi Chong-ok, vice president of the Democratic People's Republic of Korea (DPRK), met here today with a Chinese Communist Party delegation led by Zhang Dejiang, secretary of Jilin provincial Party committee.

During the cordial and friendly talks, Yi Chong-ok said that Korea highly appreciates the economic achievements China has made in recent years. He added that his country is willing to consolidate and further develop the friendly cooperative ties between the two parties, two nations and two peoples.

Zhang Dejiang told Yi that Jilin province will further such ties with DPRK's three provinces of Lyang Gang,

Za Gang and North Ham Gyong so as to make fresh contributions to the development of China's traditional friendship with DPRK.

The 7-member Chinese delegation arrived here on June 4 at the invitation of the Lyang Gang province and will end the visit on June 12.

PRC: ROK Head of Hyundai Group Meets With Jiang Zemin

SK0706095896 Seoul YONHAP in English
0832 GMT 7 Jun 96

[FBIS Transcribed Text] Beijing, June 7 (YONHAP) — Hyundai Group Chairman Chong Mong-ku has met with Chinese President Jiang Zemin to exchange opinions on Hyundai's current and future investments in the socialist country.

During the one hour meeting held at the National People's Congress hall here Friday [7 June] morning, the South Korean business tycoon explained to Jiang his group's current 250 million U.S. dollar manufacturing and high-tech investments in China, and disclosed the group's intention to investment another 2.3 billion dollars in the automobile, electronic, plant, railway vehicle and telecommunications sectors.

Chong told the Chinese head of state, "Trade between Korea and China is growing more than 20 percent annually thanks to the complementary nature of their economic structures. Economic cooperation might be further expanded by uniting the strong points of Chinese businesses with Hyundai's experience."

President Jiang was quoted as saying, "I was deeply impressed when I visited Hyundai Motor Co. in Ulsan (South Korea) at the end of last year. I want Hyundai, which is playing an important role in the Korean economy, to find ways to cooperate with Chinese businesses."

Jiang added that China is hoping for South Korean economic development while maintaining peace and stability on the Korean peninsula.

Southeast Asia & Pacific

PRC: Spokesman 'Delighted' With Sino-ASEAN Cooperation

OW1106095196 Beijing XINHUA in English
0946 GMT 11 Jun 96

[FBIS Transcribed Text] Beijing, June 11 (XINHUA) — The Chinese side is satisfied with the smooth growth of friendly and cooperative relations between China and ASEAN over recent years and it is delighted at the

effective coordination and cooperation between the two sides on international and regional affairs.

Foreign Ministry Spokesman Shen Guofang made the remark here this afternoon at a press conference when asked to comment on the progress during the recent senior officials' meeting between China and ASEAN, or the Association of the Southeast Asian Nations.

Noting that the second China-ASEAN senior officials' consultations were held in Bukit Tinggi in Indonesia on June 10-11, Shen said that the two sides exchanged views on issues concerning bilateral relations, regional situation and surrounding security environment in a goodwill, harmonious and candid atmosphere, and reached extensive consensus.

During this round of consultations, he added, the ASEAN side welcomes China to become a full, official dialogue partner of ASEAN in July this year, and it hopes that proceeding from this basis, the overall development of bilateral relations will be further promoted.

Shen said that the Chinese side also further sets forth its desire to enter the 21st-century-oriented partnership with ASEAN that will be characterized by good neighborliness and mutual trust.

Both sides expressed their willingness to make unremitting efforts for the long-term development of the relationship between China and ASEAN, the Spokesman said.

PRC: Report on Becoming ASEAN Full Dialogue Partner in July

*OW1106095896 Beijing XINHUA in English
0945 GMT 11 Jun 96*

[FBIS Transcribed Text] Bukittinggi, Indonesia, June 11 (XINHUA) — The Association of Southeast Asian Nations (ASEAN) has welcomed the news that China will become its full dialogue partner in July, a Chinese official attending the second China-ASEAN senior officials' consultations said here today.

Vice foreign ministers and permanent secretaries of the seven ASEAN members as well as ASEAN Secretary General Ajit Singh attended the two-day consultations that ended today.

According to the Chinese official, ASEAN said China's becoming a full dialogue partner will promote the all-round development of relations between the two sides.

He said the two sides achieved extensive common ground after exchanging views on bilateral relations, regional situation and security environment.

The two sides agreed that the consultations would be of great significance to the promotion of their mutual

understanding and cooperation as the region continues to enjoy stability and rapid economic growth and sees the strengthening of the trend towards multipolarity.

They expressed satisfaction over the smooth development of friendly relations and cooperation between China and ASEAN in recent years and their effective coordination and cooperation on international and regional affairs.

"The two sides agreed that the shared interests between China and ASEAN far exceed their differences," the official noted.

The Chinese side also showed its readiness to establish, in conjunction with ASEAN, a partnership of good-neighborly and mutual trust oriented towards the 21st century, he said.

The two sides demonstrated their commitment to work unremittingly for the long-term and continued development of China-ASEAN relations.

Officials participating in the consultations reviewed and looked forward into perspective of their cooperation in economic, science and technology and cultural fields.

Statistics showed that China-ASEAN trade reached nearly 20 billion US dollars in 1995, a growth of 40 percent over 1994, illustrating the tremendous potential and a bright prospect of economic cooperation between the two sides.

The consultations were co-chaired by Chinese Vice Foreign Minister Tang Jiaxuan and Director General for Political Affairs of Indonesian Foreign Ministry H.E. Izhar Ibrahim.

PRC: Lu Ping Addresses Singapore Lecture

*OW1106064796 Beijing XINHUA in English
0630 GMT 11 Jun 96*

[FBIS Transcribed Text] Singapore, June 11 (XINHUA) — Lu Ping, Director of the Hong Kong and Macao Affairs Office of the State Council of China, said here today that the "one country, two systems" policy will work in Hong Kong after 1997, though it is "an entirely new concept and a new endeavor without precedence".

Speaking at a public lecture, entitled "China's Policy and Approaches On the Future of Hong Kong", Mr. Lu said, "to have two different social, economic, political and legal systems co-exist in one country is an entirely new concept and a new endeavor without any precedence. But I am confident that it will work".

Adding quickly that he was not claiming China's knowledge of governing a capitalist society, Mr. Lu,

reiterated that it would be the Hong Kong people who will be ruling Hong Kong after 1997.

"Except for foreign affairs and defense, which will be handled by the Central Government, everything else will remain the same: the legal system, the existing life style, the currency, the economic and financial policies and so on," he said.

The lecture was organized by the Institute of East Asia Political Economy of Singapore.

"In 1997, we envisage a high degree of autonomy for Hong Kong, much more than now. It will have its own administrative and legislative powers. No departments or provinces in the Mainland will be allowed to interfere in the daily affairs of the Hong Kong Special Administrative Region (SAR)", Mr. Lu said.

"It will have its own police force and customs authority, not subordinate to those of the Mainland. It will have its independent judiciary, its own Court of Final Appeal. Financially, it will also be independent, without having to contribute a single cent to the Central Government, and the Central Government will not levy taxes in Hong Kong," he added.

Mr. Lu arrived here last Saturday [8 June] on a four-day visit here at the invitation of the Singapore Foreign Minister S. Jayakumar.

Near East & South Asia

PRC: UAE Hopes China Plays Greater Role in Mideast

OW1006134496 Beijing XINHUA Domestic Service in Chinese 0724 GMT 7 Jun 96

[By XINHUA reporter Pan Liwen (3382 4539 2429) and RENMIN RIBAO reporter An Guozhang (1 344 0948 4545)]

[FBIS Translated Text] Abu Dhabi, 7 Jun (XINHUA) — Hamdan, United Arab Emirates (UAE) minister of state for foreign affairs, said today that the UAE hopes that China, being a permanent member of the UN Security Council, can play a greater role in the Middle East.

During his meeting here with Chi Haotian, visiting vice chairman of the CPC Central Military Commission, state councillor, and defense minister, Hamdan said: The UAE attaches very great importance to developing relations with China, and highly appreciates China's efforts in developing friendly relations between the two countries. The UAE Government hopes to further develop friendly and cooperative relations and promote visits between high-ranking leaders of the two countries and their armed forces.

Chi Haotian said during the meeting that the purpose of his visit to the UAE is to enhance understanding, develop friendship, and promote cooperation. Chi Haotian also briefed his host on China's immense achievements since the country embarked on reform and opening up, as well as China's views on the present international situation. He also spoke highly of the UAE's foreign and domestic policies.

PRC: Defense Minister Ends Visit to UAE, Departs for Egypt

OW1006114096 Beijing XINHUA in English 1115 GMT 10 Jun 96

[FBIS Transcribed Text] Abu Dhabi, June 10 (XINHUA) — Chinese Defense Minister Chi Haotian left here today for Cairo after ending his five-day official visit to the United Arab Emirates (UAE).

During his first visit to the Gulf Arab country, Chi held a meeting with Shaykh Khalifah Bin-Zayid Al Nuhayyan, the crown prince of Abu Dhabi and deputy supreme commander of the UAE Armed Forces. He also held talks with Shaykh Mohammad Bin-Sultan Al Nuhayyan, the general chief of the staffs of the UAE Armed Forces.

Chi arrived here on Thursday [6 June] for a five-day visit to the UAE following his visit to Saudi Arabia and Kuwait.

PRC: Chi Haotian Arrives in Egypt

OW1006154496 Beijing XINHUA in English 1529 GMT 10 Jun 96

[FBIS Transcribed Text] Cairo, June 10 (XINHUA) — Chinese Defense Minister Chi Haotian arrived here today on a five-day official visit to Egypt at the invitation of his Egyptian counterpart Field Marshal Muhammad Husayn Tantawi.

Chi, also Vice-Chairman of China's Central Military Commission, was greeted at the airport by Tantawi.

"The purpose of my visit is to deepen mutual understanding, promote friendship and enhance cooperation," Chi said in a written statement upon his arrival.

"I believe my visit will be conducive to the further promotion of the already-existing friendly cooperative relations between our two peoples and two armed forces," he said.

PRC: State Councillor Meets Egyptian Minister

OW1006132796 Beijing XINHUA in English 1235 GMT 10 Jun 96

[FBIS Transcribed Text] Beijing, June 10 (XINHUA) — State Councillor Li Guixian met with Dr. Mahmud

Sharif, minister of Local Administration of Egypt, at the Great Hall of the People here today.

He had a warm and friendly conversation with Sharif and the delegation headed by him.

The Egyptian visitors arrived here on June 8 for a week-long visit to China at the invitation of the State Bureau of Foreign Experts Affairs.

The purpose of their visit is to learn more about China's rural development.

Sub-Saharan Africa

PRC: Jiang Zemin, Rwandan President Discuss Bilateral Ties

OW1006140496 Beijing XINHUA in English
1331 GMT 10 Jun 96

(FBIS Transcribed Text) Beijing, June 10 (XINHUA) — Chinese President Jiang Zemin told his Rwandan counterpart Pasteur Bizimungu here today that China is willing to work with the Rwandan government and people to further strengthen bilateral relations characterized by sincere friendship, equality, mutual benefits and close cooperation.

During talks here this afternoon in the Great Hall of the People, the two presidents agreed to deepen ties between the two countries.

Jiang said that Bizimungu's current visit to China is of major importance to the continued development of bilateral relations.

The Chinese president said that the Chinese and Rwandan peoples have enjoyed solid and profound friendship despite the geographic distance between the two countries.

China and Rwanda have frequently exchanged visits since they established diplomatic ties 25 years ago, Jiang said, adding that they have successfully cooperated with each other in regard to political and economic issues, and other various areas based on equality and mutual benefits, and they have always supported each other in international affairs.

The new government of Rwanda attaches much importance to and has made great efforts in developing its traditional friendship and cooperation with China, Jiang said. He believed the current visit will inject new vigor into the already-friendly ties between the two countries.

During the talks, Jiang also expressed his appreciation for the Rwandan government's adherence to the "one-China" principle and its policy not to have any official ties or exchanges with Taiwan.

Bizimungu said that after Rwanda's period of difficulty, China offered powerful support through various channels, including the Security Council of the United Nations.

The relationship between Rwanda and China is solid and reliable, based on mutual trust and understanding, he said. He expected his visit would continue to promote this relationship.

Bizimungu said that learning about and from China is one of the major reasons for his visit, as China's colorful history and culture have made many contributions to the development of human society, and its economic growth has set an example for developing countries.

The president said that his government and the Rwandan people have made large-scale efforts toward realizing national goodwill and reconstruction.

He said that Rwanda has abundant resources and huge agricultural potential. He hopes Rwanda and China will strengthen their cooperation in these areas, and he welcomes Chinese businesses to invest in Rwanda.

Jiang said the mutually beneficial cooperation between China and Rwanda is a kind of sincere cooperation among developing nations which has achieved good economic and social results.

"We will continue to encourage the enterprises of both countries to explore new channels so as to further expand the existing cooperation between the two countries," Jiang said.

He added that China admires the progresses Rwanda has made in enhancing unity of different ethnic groups, recovering the economy and reconstructing the country.

Bizimungu said China has, for a long period of time, supported the just struggles of the African people and has played an important role in promoting the African countries' advancements in economy, education, health care and other fields.

He noted that China has sincerely supported the independence of African countries in both political and economic spheres, adding that this constitutes the basis of the friendly cooperation between Rwanda and China.

The president noted that Rwanda will stick to the "one China" policy on the Taiwan issue.

Speaking of his recent visit to Africa, Jiang stressed that to maintain the friendly relations with African countries from generation to generation is a basic policy of the Chinese government.

China is ready to join hands with the African countries in consolidating and developing the long-term, stable

and all-round state-to-state relations facing the 21st century, Jiang said.

The two heads of state also exchanged views on a number of international and regional issues of common concern.

After the talks, Jiang and Bizimungu were present at the signing ceremony of an agreement on economic and technological cooperation between the two countries.

PRC: Qiao Shi Meets With Rwandan President

OW1106103096 Beijing XINHUA in English
1025 GMT 11 Jun 96

[FBIS Transcribed Text] Beijing, June 11 (XINHUA) — Qiao Shi, chairman of the Chinese National People's Congress (NPC) Standing Committee, spoke highly of the development of the Sino-Rwandan ties during his meeting with Rwandan President Pasteur Bizimungu, here today.

Qiao also expressed his conviction that the bilateral relations would be furthered.

Bizimungu stressed that his country will firmly stick to the "one China" policy as far as Taiwan issue is concerned.

During the meeting, they also exchanged views on issues of common concern.

PRC: Li Peng Meets With Rwandan President

OW1106103596 Beijing XINHUA in English
1031 GMT 11 Jun 96

[FBIS Transcribed Text] Beijing, June 11 (XINHUA) — Chinese Premier Li Peng said here today that the current China visit by Rwandan President Pasteur Bizimungu will play an important role in furthering the Sino-Rwandan friendly cooperation.

He said this during his meeting with Bizimungu, who is here for an official visit at the invitation of Chinese President Jiang Zemin.

During the meeting this afternoon, Li and Bizimungu discussed issues concerning bilateral ties and those of common interest.

West Europe

PRC: CPC Official Meets Belgian Government Leaders

OW1106062196 Beijing XINHUA Domestic Service
in Chinese 1018 GMT 8 Jun 96

[FBIS Translated Text] Brussels, 8 Jun (XINHUA) — At the Belgian Government's invitation, Wen Jiabao, alternate member of the CPC Central Committee Political

Bureau and member of the CPC Central Committee Secretariat, paid a friendly visit to Belgium 6-8 June. The Belgian Parliament and Government warmly received him.

(William Galtuva), first vice president of the Belgian Chamber of Representatives, met with Wen Jiabao and his party at the Parliament on 6 June. Both guest and host had a cordial and friendly conversation. Extending a warm welcome to Wen Jiabao, (Galtuva) said that Belgium is willing to further strengthen friendship between the parliaments and people of Belgium and China, adding that Belgian enterprises are also willing to further enter the Chinese market to actively participate in China's economic development. He said that Belgium has many advantages in agriculture and animal husbandry. Belgium and China should cooperate more in this area.

Wen Jiabao said his delegation came to Belgium with a view to enhancing understanding, developing friendship, and promoting cooperation. Although China and Belgium are far apart and their national conditions are different, they have no fundamental conflicts of interests. Economically, they are strongly complementary. He said expanding friendly cooperative relations between China and Belgium conforms to the fundamental interests of the two countries and their people and is also conducive to peace, stability, and development in the world.

Karel Pinxten, Belgian minister of agriculture and small and medium enterprises, met with and feted Wen Jiabao and his party on 7 June. Both sides exchanged views on bilateral relations, especially on agricultural cooperation between the two countries. Wen Jiabao visited the [Serri] Poultry Farm, the [Gende] Agricultural Research Center, and other outstanding Belgian agricultural and animal husbandry research institutes.

Wen Jiabao and his party will leave Belgium by plane on 9 June to visit the Netherlands.

PRC: Vice Premier Leaves Finland for Turkey

OW1106083196 Beijing XINHUA in English
0815 GMT 11 Jun 96

[FBIS Transcribed Text] Helsinki, June 11 (XINHUA) — Chinese Vice Premier Zou Jiahua today left here for Istanbul, Turkey, to attend the Second United Nations Conference on Human Settlements (HABITAT II).

During his visit in Finland, which began on June 6, Zou met with Finnish President Martti Ahtisaari, Deputy Prime Minister and Finance Minister Sauli Niinistö, Minister of European Affairs Ole Norrback and Minister of Trade and Industry Antti Kalliomaki.

Zou exchanged views with them on further strengthening bilateral ties, especially on economic, trade and technology cooperation.

He also held talks with Finnish businessmen and visited the energy, telecommunications and transportation facilities in the country during his stay.

Latin America & Caribbean

PRC: Enhanced Forestry Cooperation With Chile

OW1106045196 Beijing XINHUA in English
0421 GMT 11 Jun 96

[FBIS Transcribed Text] Santiago, June 10 (XINHUA) — Chile and China should enhance bilateral relations and cooperation, particularly in the sector of forestry, Chilean Senate Leader Sergio Diez said while meeting Chinese Forestry Minister Xu Youfang here today.

Chile and China are two countries joined by great friendship, Diez said. "Our people are very much concerned about what is happening in China".

Xu and his delegation arrived in Santiago on Sunday [9 June] to know more about Chile's forestry development and experiences in planting the "Radiata" pine tree for expanded cooperation in the forestry sector.

Rich in forest resources, Chile has 34 million hectares, or 45 percent of its land, suitable for growing forests. Of which, 14 million are protected forests.

Meanwhile, Chilean Agriculture Minister Emiliano Ortega told Xu that China would be the primary customer of Chilean forestry products in the future.

Chile exported 65.9 million dollars of forestry products to China in 1995, which was 25 percent of its total sales to the Asian country.

Last year, Chile's forest exports reached 2.369 billion dollars, or 14.7 percent of its total exports, becoming the second major export sector after copper.

Xu will leave for Brazil on June 15.

PRC: Draft Aviation Agreement Initialed With Peru

OW1106061596 Beijing XINHUA Domestic Service
in Chinese 0716 GMT 7 Jun 96

[By reporter Wang Quanfu (3769 2938 1381)]

[FBIS Translated Text] Lima, 6 Jun (XINHUA) — China and Peru initialed here today a draft agreement on the two governments' cooperation in air transportation.

Elsa Carrera, Peruvian transport minister, and Chen Guangyi, Civil Aviation General Administration of China [CAAC] director, signed the agreement on behalf of their respective countries.

Minister Carrera pointed out at the signing ceremony that the agreement not only will promote the development of bilateral relations between the two countries, but also will be a challenge to expanding economic contacts between private enterprises and promoting the development of air transportation business.

Director Chen Guangyi said at the signing ceremony: The aviation cooperation agreement between China and Peru is the third one China has signed with a Latin American country. China plans to open air routes between the two countries as soon as possible so that the people's wishes for direct flights between the two countries can be realized as early as possible.

The two sides agreed that Minister Carrera will visit China and officially sign the agreement in Beijing.

The CAAC delegation headed by Chen Guangyi arrived in Lima today for a three-day official visit. Peru is the fourth leg of the CAAC delegation's Latin American tour. Prior to this, the delegation had visited Brazil, Chile, and Argentina.

Political & Social

PRC: Jiang Prepares To Take Over as Fears Grow for Deng's Health

HK1106062296 Hong Kong SOUTH CHINA MORNING POST in English 11 Jun 96 p 8

[By Willy Wo-Lap Lam]

[PTS Transcribed Text for FBIS] Aides to Jiang Zemin are intensifying the personality cult surrounding the Chinese President as signs emerge that the decline of patriarch Deng Xiaoping's health has accelerated.

Political sources in Beijing said members of the Jiang Zemin Office were orchestrating his public functions and media coverage to highlight his status as Mr Deng's successor.

One strategy used by the publicists is to compare Mr Jiang to both Chairman Mao Zedong and Mr Deng.

In a trip to Henan this month, Mr Jiang retraced the footsteps of Mao when the latter inspected the nation's first people's communes in the central province in the late 1950s.

"The itinerary and the way Jiang conducted himself with the cadres and peasants were meant to invoke comparisons with Mao," a source said. "Jiang's outing has received saturation coverage in all official media."

In a trip to Shanghai in the spring, Mr Jiang revived Mr Deng's famous slogan about the need to forge ahead with reform.

While touring Guangdong in early 1992, the patriarch had indicated all reform measures were justified so long as they met three conditions: raising the "comprehensive strength of the nation"; raising productivity; and improving the people's standard of living.

Mr Jiang is set to further boost his standing as the new "helmsman" in a major speech he is delivering on the Chinese Communist Party's birthday on July 1.

A source close to the Jiang office said, however, that the party chief had yet to finalise the contents of the speech. "Jiang's advisers want him to make a weighty pronouncement on Taiwan affairs, including an official response to Taiwan President Lee Teng-hui's inaugural speech on May 20," the source said. "However, Jiang has to consult other members of the Politburo and he has had difficulty imposing his viewpoint on Taiwan."

It is believed that Mr Jiang finds it politically expedient to build up his own personality cult in view of the further decline in Mr Deng's health.

While touring Spain, Mr Deng's eldest daughter, the painter Deng Lin, made subtle changes to the official

line that the patriarch would be in Hong Kong on July 1, 1997.

Local media quoted her as saying while the 91-year-old retired leader was in "good health", he would only attend celebrations in Hong Kong "if the Chinese Government thinks it is necessary and has made such a request".

Last month, relatives of Mr Deng including his son-in-law had insisted the patriarch would not miss the Hong Kong ceremony.

PRC: CPPCC Standing Committee Member Liao Canhui Dies 10 Jun

SK1106032996 Tianjin People's Radio in Mandarin 2300 GMT 10 Jun 96

[FBIS Translated Text] Liao Canhui, Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], Standing Committee member of the National Taiwan Democratic Self-Government League, vice chairman of the All-China Federation of Returned Overseas Chinese, vice chairman of the Fifth Tianjin Municipal CPPCC Committee, chairman of the Tianjin Municipal Committee of the Taiwan Democratic Self-Government League, and chairman of the Tianjin Municipal Federation of Returned Overseas Chinese, died of illness at 1155 on 10 June 1996 at the age of 73 after all attempts to save him proved ineffectual.

PRC: State Council Appoints, Removes State Functionaries

OW0906112896 Beijing XINHUA Domestic Service in Chinese 0828 GMT 4 Jun 96

[FBIS Translated Text] Beijing, 4 Jun (XINHUA) — The State Council recently appointed and removed a number of state functionaries.

Jiang Chengsong and Shou Jiahua (1108 0857 5478) (female) were appointed vice ministers of geology and mineral resources; Wang Wanbin (3769 8001 6333) and Weng Yuqing (5040 1342 1987), vice ministers of metallurgical industry; Zhang Jiayao (1728 1015 1031), vice minister of water resources; Chen Xinhua, vice minister of foreign trade and economic cooperation; Shang Fulin (1124 4395 2651) and Chen Yaoxian, vice governors of the People's Bank of China; Zhai Xigui (5049 3556 6311), deputy auditor general; Cheng Faguang (4453 3127 0342) and Hao Zhaocheng (6787 2507 2052), deputy directors of the State General Administration of Taxation; Zhang Wenbin (1728 2429 1755), deputy director of the State Bureau for Preservation of Cultural Relics; and Bai Chunli (4101 2504 4409), vice president of the Chinese Academy of Sciences.

Yin Ruiyu and Wu Xichun were removed as vice ministers of metallurgical industry; Gu Yongjiang was removed as vice minister of foreign trade and economic cooperation; Li Zhao was removed as deputy director of the Civil Aviation General Administration of China; Zhang Deqin was removed as director of the State Bureau for Preservation of Cultural Relics; and Hu Qiheng (female) was removed as vice president of the Chinese Academy of Sciences.

PRC: Eighth CPPCC Standing Committee 17th Session Opens

*OW1006152596 Beijing XINHUA in English
1513 GMT 10 Jun 96*

[FBIS Transcribed Text] Beijing, June 10 (XINHUA) — The Chinese People's Political Consultative Conference (CPPCC) should further improve its work and fulfill its duties better under the new situation, said Ye Xuanping, vice-chairman of the CPPCC National Committee.

He made his remarks during the 17th session of the Standing Committee of the Eighth CPPCC National Committee, which opened here today.

The meeting primarily discussed strategies to better fulfill CPPCC's functions of political consultancy, democratic supervision, and participation in and discussing government and political affairs, in accordance with the implementation of the Ninth Five-Year (1996-2000) Plan and the long-term target for the year 2010.

Presiding over the meeting was Li Ruihuan, chairman of the CPPCC National Committee and member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC).

Ye said the CPPCC has been operating smoothly, and has acquired a lot of new experience since distributing the stipulation on CPPCC's functions in early 1995.

It is necessary to summarize and exchange the experience promptly, in order to spread information about the CPPCC's work throughout the country, he said.

He pointed out that the meeting will study how to fulfill the CPPCC's duties more effectively according to the four principles put forth by Li Ruihuan: 1) the CPPCC must adhere to the CPC's leadership; 2) it must comply with and serve the state's overall situation; 3) it must proceed from actual conditions and; 4) it must closely cooperate with the relevant departments.

It is also known that a revised draft on the regulation of the work of the Standing Committee of CPPCC National Committee and its personnel issue will be discussed at the meeting.

PRC: Ye Xuanping Calls on CPPCC To Improve Functions

*OW1006145696 Beijing ZHONGGUO XINWEN SHE
in English 1434 GMT 10 Jun 96*

[FBIS Transcribed Text] June 10 (CNS) — The Chinese People's Political Consultative Conference (CPPCC), while carrying out its various kinds of duty, has to have in mind the country's political stability, economic development as well as the unity of all people, said Ye Xuanping, Vice Chairman of the National Committee of CPPCC.

Fundamental interests of the people have been made the cardinal criterion for the duty carried out by this advisory body, Mr. Ye said.

Mr. Ye made the remarks in an opening speech at the 17th session of the 8th Standing Committee of CPPCC whose agenda lies in a revision of its functions.

Mr. Ye noted that the advisory body had to exercise its functions in a better manner by carrying out political consultation, democratic monitoring and the involvement in government affairs.

The vice chairman pointed out that the process of democratic politics had to take into consideration the actual situation of the country. The process should be well co-ordinated with national conditions. CPPCC has therefore to take realistic views on the establishment of democratic politics and then gets its duty fulfilled in an orderly way.

By capitalising on a galaxy of talent enjoyed by CPPCC, its broad representativeness and the role the body plays as a bridge between the government and the grass root units, Mr. Ye said, the advisory body has to offer constructive and practical proposals as well as views on the build-up of spiritual and material civilization and on the establishment of the democratic and legal systems.

PRC: State Announces New Measures To Root Out Nepotism

*HK1106073496 Beijing CHINA DAILY in English
11 Jun 96 p 2*

[CHINA DAILY News: "Workplace Nepotism Targeted"]

[PTS Transcribed Text for FBIS] In new, sweeping measures to root out corruption and nepotism in government institutions civil servants will not be allowed to work in the same office as their spouse, next of kin or other relative.

The Ministry of Personnel also announced on Saturday civil servants who are related may not work under the same boss in a government office.

When two civil servants related to each other work in the same office, the one with the least seniority will be transferred in accordance with the regulations.

If related employees are at the same level, their superior will decide who should be moved.

A spokesperson from the Personnel Ministry said all civil servants must abide by these regulations.

But, different regions and departments are authorized to lay down workable implementation measures according to their particular situations.

The new regulations also forbid civil servants from holding supervisory, personnel or financial positions in any government organization where a relative has a high-level position.

The forbidden activities include supervision, auditing, trials, arbitration, taxation, project approval, foreign visit approval, work evaluation, promotions and removals, rewards and punishments, appointments and transfers.

When relatives suddenly find themselves working together which may happen as a result of a marriage or a job transfer, the regulation also says the situation must be corrected in a timely manner.

The personnel departments of governments at all levels are responsible for the implementation of the regulation, which took effect on Saturday.

PRC: Minister on New Cultural Program in Tibet
OW1106082596 Beijing XINHUA in English
0816 GMT 11 Jun 96

[FBIS Transcribed Text] Beijing, June 11 (XINHUA) — China is to launch a new program to help Tibet Autonomous Region develop its culture, "China Culture News" quoted a senior official as saying.

Liu Zhongde, minister of culture, said that the central government will adopt "special methods" to promote Tibet's cultural undertakings and "tighten the cultural ties between Tibet and other parts of China".

Tibet Autonomous Region is a special place of strategic significance, and is in the forefront to fight splittist acts mounted by the Dalai clique, the paper quoted the official, who also is deputy head of the Propaganda Department of the Chinese Communist Party Central Committee, as saying.

Under the program more libraries and museums will be created in the coming years at government cost, and some cultural gardens will be built in rural areas aimed at nurturing Tibetan children.

Liu asked interior provinces to pour money and talented people into Tibet.

"Investments are encouraged to expand culture-related businesses there," he pointed out.

One focus of the program is to protect Tibet's own culture, according to Liu, including Buddhist temples, traditional dances, local languages and other legacies.

The paper also said that a national meeting was summoned early this month in Beijing to discuss the plan, attended by officials from many important departments, like the United Front Work Department of the Chinese Communist Party Central Committee.

PRC: Bao Tong Claims Continued Detention Illegal
HK1106054796 Hong Kong SOUTH CHINA
MORNING POST in English 11 Jun 96 p 1

[By Vivien Pik-Kwan Chan]

[PTS Transcribed Text for FBIS] Bao Tong and his wife have written to the Chinese Government and senior leaders complaining that his continued detention is illegal.

Bao, the only senior official jailed after the bloody pro-democracy crackdown on June 4, 1989, has still not been allowed home two weeks after his release from prison.

In order to "rectify" the matter, they have written to the Standing Committee of the National People's Congress, the Chinese People's Political Consultative Conference asking for help to end his unfair treatment.

"Bao and his family are angry at not being allowed to enjoy the freedom he has theoretically been granted," a source said. "As a last resort, appeal letters have been sent to legislature and party leaders urging them to uphold the law."

Bao's wife, Jiang Zongcao, wrote that public security officials had violated his civil rights and the law.

"Instead of going home, Bao was taken to a house by public security officials in a remote suburb of Beijing after he was freed on May 27," she wrote.

"Public security officials Zhang Yuan and Yang Jie originally told Bao that he would only be put in that house for less than 10 days."

It was believed Bao would be freed once the anniversary of the Tiananmen Square killings had passed, but his detention has continued.

"They now not only take away Bao's political rights but his rights to a reunion with his family as well. Such

detention is against the law of the country," Ms Jiang added.

Bao said in his letter that public security officials told him he would remain a "criminal outside prison" while still deprived of his political rights — due to continue for two years after his official release.

"I am subjected to surveillance, I have to seek approval for all visits by my family, I cannot leave the house or meet foreigners and I have to report to public security officials every month," Bao wrote.

He had asked to see a lawyer in order to understand his rights, but was told this was not a good idea. He was also told that unless his family agreed to move to an officially designated location, he would not be able to return home.

Bao, 63, the former top aide of disgraced Communist Party Secretary Zhao Ziyang was arrested on May 28, 1989 and sentenced in July 1992, to seven years' jail for "inciting counter-revolutionary activities" and "divulging state secrets".

PRC: Police Close Hundreds of Christian Meeting Points

HK1006080396 Hong Kong SOUTH CHINA MORNING POST in English 10 Jun 96 p 10

[By Daniel Kwan]

[PTS Transcribed Text for FBIS] Fearful of a fast-growing Christian church, police have stepped up their pressure on believers and closed hundreds of unregistered house churches in the past few months.

In Shanghai, more than 300 house churches or meeting points were closed in April alone and sources feared many more would be shut down by the end of the year.

Police not only targeted cults and charismatic Christians in their nationwide crackdown, but some mainstream factions like the Disciple Church were also affected.

Although no official deadline has been announced churches that have not been registered with the authorities by the end of this year will be considered illegal and could face the risk of closure by the police.

One source said that at least two important meeting points in Shenzhen were closed down in the past month.

In one of the raids, two church leaders were detained and both had not been released as of last week. The source said Shenzhen police raided one meeting on the outskirts of the city two weeks ago and took away about 20 Christians.

They were all released after the two Christian leaders took responsibility for the meeting.

The swoop followed another raid on a house church in Shenzhen where police stormed into a gathering with 50 to 60 Christians.

However, it was not clear if the worshippers had been released.

Meanwhile, the Quanzhou Daily newspaper reported that police had shut more than 30 meeting points of a Christian sect called the "Shouters" in Quanzhou, Fujian province.

The newspaper quoted police as saying that further action would be taken in order to wipe out the shouters sect, which has infiltrated schools and recruited members from among the students.

It said a large number of publications and videos produced by the sect had been seized and several core members were under investigation.

PRC: Crime and Punishment in PRC

OW1006145796

[FBIS Report] The following is a compilation of reports on crime, sentencing, punishments, and other judicial-related activities in the PRC monitored by Okinawa Bureau during the period from 31 May to 10 June 96. The mode of processing and source are given in parentheses after each report: Hunan Vice Governor Urges Speedier Criminal Trials

Representatives of judges engaged in the front line of the severe crime crackdown visited the provincial Higher People's Court on 23 May and attended the provincial public security office's teleconference on the anticrime campaign on 23 May. Cheng Peimin, provincial party committee deputy secretary and vice governor, called for intensifying the anticrime struggle while improving the quality of law enforcement personnel. He also urged judges throughout the province to accelerate hearings of major cases so that a centralized sentencing and execution rally can be held in mid-June. (Summary) (Changsha HUNAN RIBAO in Chinese 29 May 96 P 1) Xiamen Cracks Major Drug Case

Xiamen City Public Security Bureau cracked a major drug trafficking case on 14 May, with the arrest of five drug traffickers from Yong'an County, Fujian, and the seizure of 100 kg of cocaine, a Dongfeng brand truck used for ferrying drugs, and drug funds amounting to 110,000 yuan. (Summary) (Fuzhou FUJIAN RIBAO in Chinese 27 May 96 p 1) Sichuan Holds Arresting Rally

An arresting rally to fully exhibit the solid results of the crime crackdown was held at downtown Yibin city on 20 May, during which public security organs openly arrested 65 criminal elements according to

law, and took custody of 88 criminal suspects for further investigations. (Summary) (Chengdu SICHUAN RIBAO in Chinese 29 May 96 p 1) Guangdong Checks Unauthorized School Fees Collection

Beginning last year and taking advantage of the spring and autumn terms enrollment, Guangdong Province introduced a series of measures to curb unauthorized fees collection in secondary and primary schools, including level-to-level leadership management responsibility system, fees collection permit system, and fees payment registration system. These measures have yielded noticeable results. (Summary) (Beijing XINHUA Domestic Service in Chinese 0549 GMT 3 Jun 96)

Xiamen City Court Sentences Seven Drug Traffickers

On 31 May, the Xiamen City Intermediate People's Court held a rally to pronounce death sentences on seven criminals convicted of drug trafficking. (Summary) (Fuzhou Fujian Radio Network in Mandarin 2300 GMT 31 May 96) Shanghai Courts Sentence Murderers, Robbers to Death

Recently, various levels of courts in Shanghai have passed death sentences on five criminals convicted of murder, robbery, and rape. (Summary) (Shanghai Shanghai People's Radio Network in Mandarin 2300 GMT 31 May 96) Zhejiang Courts Mete out Severe Punishments to Criminals

Not long ago, courts in Ningbo, Jinhua, Taizhou, and Lishui cities held rallies to pronounce severe punishments on a number of criminals convicted of kidnapping, murder, and robbery. The Ningbo Intermediate People's Court sentenced to death a criminal convicted of murder. On 28 May, Ningbo city's Jiangbei District Court sentenced eight robbers and rapists to 13 years' imprisonment. (Summary) (Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 1 Jun 96) Fujian Holds Conference To Crack Down on Smugglers

A provincial conference to crack down on smuggling was held 16-17 May, during which the province's antismuggling work was summarized. According to statistics, from last year to the first quarter of this year, the Fujian authorities have seized some 1,800 smuggling cases involving 790 million yuan. The goods confiscated amounted to 350 million yuan. (Summary) (Fuzhou FUJIAN RIBAO in Chinese 19 May 96 p 1) Panda Skin Sellers Arrested in Huizhou, Guangdong

On the night of 9 May, the Huizhou city and Huidong County Public Security Bureaus seized five criminals who were selling panda skins bought from Sichuan Province two years ago. (Summary) (Guangzhou YANGCHENG WANBAO in Chinese 10 May 96 p 1)

Xiamen, Fujian Police Arrest Caffeine Dealers On the same day the police arrested five other drug traffickers in Yong'an city and seized 110,000-yuan worth of drugs. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0803 GMT 3 Jun 96) Fujian Court Passes Death Sentence on 10 Criminals

The Fujian Provincial Higher People's Court recently sentenced 10 criminals to death who were convicted of murder, robbery, and theft. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0902 GMT 3 Jun 96) Xinjiang Authorities Crack Illegal Arms Sales

The combat against crime is developing in depth in different parts of Xinjiang, during which a case of selling arms, ammunition, and fake Renminbi was unearthed. (Summary) (Urumqi Xinjiang Television Network in Mandarin 1330 GMT 4 Jun 96) Guangdong Helps Other Provinces Capture Fugitives

During the current crackdown on crimes, public security departments in Guangdong have assisted other provinces in capturing fugitives. So far, the Guangdong Public Security Department as well as the Guangzhou, Shenzhen, and Shantou city Public Security Bureaus have helped other provinces capture 106 fugitives in Guangdong. (Summary) (Beijing XINHUA Domestic Service in Chinese 0931 GMT 6 Jun 96) Hainan Lawbreakers Give Themselves Up

According to statistics provided by the Hainan Provincial Public Security Department, 512 lawbreakers had surrendered themselves to the authorities by 30 May as a result of the severe crackdown on crime. (Summary) (Beijing XINHUA Domestic Service in Chinese 2136 GMT 9 Jun 96)

Guangdong Helps Other Provinces Arrest Criminals

Guangdong public security departments have arrested 2,000 criminals on the wanted list in the last one and a half months, apart from assisting other provinces and Hong Kong in detaining 370 fugitives. (Summary) (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 8 Jun 96) Meetings Held in Hangzhou, Wenzhou To Commend Individuals

The Hangzhou City Public Security Bureau recently commended 16 public security personnel in six police units for capturing murderers and drug dealers. Wenzhou's Ouhai District Government presented a cash award to a group that cracked a murder case. The Taizhou authorities commended two policemen for capturing a robber. (Summary) (Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 8 Jun 96) Liaoning Severely Deals With Criminal Gangs

In targeting its crackdown on criminal gangs, Liaoning's Pushun city Public Security Bureau has destroyed more than 100 criminal gangs of all kinds over the past month. One night in May, city public security bureau personnel crushed a 19-member criminal gang and cracked 369 criminal cases, of which 36 were serious. (Summary) (Beijing XINHUA Domestic Service in Chinese 0322 GMT 10 Jun 96) Criminal Sentenced to Death for Attacking Railway Policeman

On 7 June, the Liaoning Provincial Higher People's Court sentenced to death Xu Liansheng for stabbing a Dalian railway policeman on 9 November 1995. Xu's accomplice was sentenced to six years' imprisonment. (Summary) (Beijing XINHUA Domestic Service in Chinese 0601 GMT 10 Jun 96) Two Major Cases Uncovered in Liaoning

Liaoning's Beining City Public Security Bureau cracked two major murder and robbery cases on 3 and 6 May, during which three suspects were arrested and one committed suicide. (Summary) (Beijing XINHUA Domestic Service in Chinese 0617 GMT 10 Jun 96)

Science & Technology

PRC: Research Team Completes New Satellite Communication System

OW1006150696 Beijing XINHUA Domestic Service in Chinese 0904 GMT 6 Jun 96

[By reporter Wang Shihuan (3769 0013 3562)]

[FBIS Translated Text] Xian, 6 Jun (XINHUA) — The "C-Band 800 Megahertz [MHz] Wide-Range Frequency Multiple-Use Feeding System," a key science and technology project of the International Communications Satellite Organization, has been developed by our country's scientists and technicians and has successfully gone into operation, thus making us the first country in the world to have mastered the 800 MHz wide-range feeding technology.

The "C-Band 800 MHz Wide-Range Feeding System" is a key technological problem for the eighth-generation telecommunication satellite antenna. In 1993, in order to meet people's growing need for the communications business under the increasingly greater shortage of frequency resources, the International Communications Satellite Organization decided to expand to 800 MHz the two domains of receiving and beaming the wide-range satellite communication frequency of the eighth- and later-generation satellites, thus creating a number of high-technology problems for satellite monitoring stations and terrestrial communication stations. The Ministry of Electronics Industry's No. 39 Research Institute began to undertake the task of overcoming

the problems after winning the bidding contest with four companies and research institutes from the United States, Japan, and our country.

According to an employee of the Ministry of Electronics's No. 39 Research Institute, with painstaking efforts, the scientists and technicians of the institute completed the electric-function testing, overall assembling, and general toning of all the parts of the "C-Band 800 MHz Wide-Range Feeding System" in March last year. In October last year, the system was checked and accepted by the International Communications Satellite Organization. After that, the No.39 Research Institute closely cooperated with the Beijing Telecommunications Administration Bureau to formally apply products developed to the satellite monitoring system. As the operation results for over half a year show, the system, which has excellent functions and is technologically advanced, is up to the advanced international standard.

PRC: Scientists Developing New Astronomical Telescope

OW1006132596 Beijing XINHUA in English 1244 GMT 10 Jun 96

[FBIS Transcribed Text] Nanjing, June 10 (XINHUA) — Chinese scientists are developing a new astronomical telescope with a capability of observing celestial spectrums raised to ten times over existing telescopes.

The spectrum of celestial bodies contain the most amount of information on the cosmos, so spectral observation serves as a key method in astrophysical studies, astronomical optics specialist Su Dingqiang said.

Su, a scientist at Nanjing Astronomical Instrument Development Center under the Chinese Academy of Sciences, is working on the new telescope together with Wang Shouguan, another astronomer with CAS.

The new optical astronomical telescope will have large aperture and large field of view, and as a result, it will be able to observe a lot more celestial bodies, they said.

In recent years, American and European scientists have invested billions of dollars to develop large-aperture telescopes, but the field of view is small and the number of celestial bodies which can be observed is limited.

On the other hand existing telescopes with large fields of view poorly observe dim celestial objects, the Chinese scientists said.

PRC: Scientific Development Said 'Approaching Advanced Levels'

OW1006133696 Beijing XINHUA in English
1234 GMT 10 Jun 96

[FBIS Transcribed Text] Beijing, June 10 (XINHUA) — China developed 160,000 major scientific results in the 1991-95 period, 1.3 times the level of the previous five years.

Of the total number, 685 won state invention prizes and 162 others obtained natural science awards, according to a report released by the State Statistics Bureau today.

China is now approaching advanced levels of other countries in the research of atomic energy, space technology, bio-science and computer sciences.

In high-tech development, 15 man-made satellites were launched successfully.

China has also launched continental carrier rockets and the Long March-3 carrier rocket. A 5-megawatt low-temperature nuclear-fuelled reactor and the Daya Bay nuclear power plant have gone into operation.

Major achievements in other fields included operation of the "Milky Way" super-computer, a quasi-high speed engine and development of high-yield hybrid rice and hepatitis B genetic-engineering vaccine.

PRC: Statistics Given on International Cooperation in Science

OW1106092596 Beijing XINHUA in English
0906 GMT 11 Jun 96

[FBIS Transcribed Text] Beijing, June 11 (XINHUA) — China has established cooperative relationships with 135 countries in the world and signed inter-government agreements with 86 countries to co-operate in science and technology, according to the State Statistics Bureau.

The bureau said that China has obtained legitimate seats on more than 30 science and technology institutions in the United Nations.

Meanwhile, China was involved in 10,000 cooperation programs with foreign governments each year during the period of 1991-1995.

The bureau said that busier international exchanges and cooperation in the fields of science and technology have also promoted China's foreign trade.

It said that China exported 28 billion US dollars-worth of high-tech products during those five years, almost three times higher than the previous five years.

PRC: Shenyang Builds Cross-Strait Science Industrial Park

SK0906054296 Shenyang LIAONING RIBAO
in Chinese 22 May 96 p 1

[By reporter Ye Donghui (0673 2639 6540)]

[FBIS Translated Text] With the approval of the State Council, Shenyang Cross-Strait Science and Technology Industrial Park, which is to be built with an estimated investment of 5 billion yuan, is under development and construction on the southern shore of Hun He in Shenyang. So far, four development contracts have been signed or are ready for signing. More than 50 million yuan has been put into building infrastructure facilities in the industrial park area under initial development, and the "five infrastructure components, such as roads, electricity, water, program-controlled telephones, and closed-circuit television service, as well as leveling of the ground" have been basically realized. Large-scale business and work to attract capital is being vigorously carried out. The reporter learned this from the first meeting recently held by the leading group in charge of construction of the Shenyang Cross-Strait Science and Technology Industrial Park.

In August 1994, the State Council issued the "decision on further developing Cross-Strait economic relations" and proposed efforts be made to select one or two places from among the approved state-level high- and new-technology industrial development zones for running a cross-strait science and technology industrial park. After obtaining this information, the Shenyang High- and New-Technology Industrial Development Zone (formally known as the Shenyang Nanhu Science and Technology Development Zone) promptly proposed the idea of striving for running the Taiwan science and technology industrial park in Shenyang to provincial and Shenyang city leaders and won their support. Governor Wen Shizhen and leaders of the Shenyang city party committee and government successively gave important instructions for the bidding work. Under the close coordination of relevant departments, and after more than one year of acute competition for the bidding work, the Shenyang High- and New-Technology Industrial Development Zone won the bid from more than 30 high- and new-technology development zones in China.

Shenyang city party committee and government have regarded the development and construction of the science and technology industrial park as the city's most important task and given special support in terms of policies and funds. In order to strengthen leadership over the development and construction of the science and technology industrial park, a leading group with Mayor Zhang Rongmao as the head, Deputy Mayor Ai Tingjun

as the executive deputy head, and the provincial and Shenyang city Taiwan Affairs Offices, science committees, and relevant departments as members was established to make unified policy decisions for the planning, construction, management, and other major issues of the science and technology industrial park. At the same time, they have invited a number of well-known domestic and foreign persons to serve as advisers, formulated preferential policies for the science and technology industrial park, devised and improved construction plans, organized activities to attract foreign investment, vigorously raised development and construction funds, and laid the foundation for constructing and developing the science and technology industrial park.

The total planned area of this science and technology industrial park is five square km, and the construction period is estimated at eight to 10 years. This park will uphold the principle of cross-strait cooperation, joint management, and mutual benefits; focus on developing high- and new-technology industries; embrace scientific research, development, production, and living quarters; adopt new operational mechanisms, management modes, and industrial organizational methods; and attain the target of internationalizing the park and turning it into an institute as well as a community and park. Its establishment will play a tremendous role in transforming the old industrial base in Shenyang and scientific, technological, and economic cooperation and exchanges between both sides of the Strait.

PRC: Editorial Views Greenpeace's Lack of Cultural Sensitivity

HK1006081396 Hong Kong SOUTH CHINA MORNING POST in English 10 Jun 96 p 20

[Editorial: "Win War Not Battles"]

[PTS Transcribed Text for FBIS] Greenpeace has ambitious plans for boosting environmental awareness in China from its new office in Hong Kong. That task has never been more urgent than now. After 15 years of rapid economic growth, with little regard for environmental consequences, many Chinese cities are among the most polluted in the world. From tackling toxic waste- to encouraging energy conservation, there are many issues on which Greenpeace should normally be able to count on the enthusiastic cooperation of mainland authorities. Unfortunately, the green group's determination to force a confrontation, by sending its flagship MV Greenpeace to sail towards Shanghai, threatens to destroy all hope of any joint effort to forestall such looming environmental catastrophes.

It is understandable they should wish to protest against China's latest nuclear test. At a time when even France

has ended its testing programme, Beijing's action deserves worldwide condemnation, and any constructive means of conveying this message to the mainland leadership is welcome. But illegally crossing into Chinese territorial waters, as some hotheads within the organisation wish to do, scarcely falls into that category. The MV Greenpeace's voyage has already served a useful purpose. Simply by setting sail, it has pushed Beijing into offering to open a dialogue with the green group over nuclear testing. Still more could be achieved by some symbolic gesture in international waters off the Chinese coastline. But if it attempts to enter mainland territorial waters then such efforts will have been wasted, and the voyage will begin to do more harm than good. Given how France reacted so harshly to the MV Greenpeace's incursion into the waters of a remote atoll in the South Pacific, there is no reason why China should be any more tolerant of an attempt to break into the port of its largest city. Any such publicity stunt would be seen as a deliberate attempt to humiliate the Chinese authorities, and so make it impossible for the green group to operate elsewhere on the mainland or post 1997 Hong Kong, possibly for decades to come.

If Greenpeace chooses to put its wish to engage in a confrontational gesture ahead of the chance to help avert all the looming ecological catastrophes in China, then it will only reinforce existing suspicions among local environmental organisations that the Western-based group lacks any understanding of how to operate in Asia.

Greenpeace claims to be aware that protests which work in Western countries are not always appropriate in Asia. If that is true, then this should be the perfect opportunity to show an appreciation that the tactics needed for dealing with China are different from those used against France. Persistent lobbying perhaps works better, as China's offer to sign the Comprehensive Test Ban Treaty can testify.

So far, there has been little sign of such cultural sensitivity. But there is still time for the MV Greenpeace to turn back before it reaches mainland territorial waters. Only by doing that do they stand any chance of being granted meetings with Chinese officials and achieving their stated goal of helping the Chinese.

Military & Public Security

PRC: Retired PLA Officer Seeks Political Asylum in Hong Kong

HK1106072596 Hong Kong TUNG FANG JIH PAO
in Chinese 11 Jun 96 p A16

[Report: "Retired Captain From Nanjing Military Region Seeks Western Asylum in Hong Kong"]

[PTS Translated Text for FBIS] A few months ago, Li Qike, a retired colonel of the mainland People's Liberation Army [PLA] from the Lanzhou Military Region, and a regimental commander, escaped to Hong Kong. Wang Kun [3769 3824], a retired confidential department officer [tui yi ji yao can mou 6622 1763 2623 6008 0639 6180] with the rank of captain, has now stepped into his shoes. He came to Hong Kong a few days ago and asked for the assistance of an international human rights organization to seek political asylum in the West. It has been learned that Li Qike, who intended to seek refuge in the West, is still in Hong Kong. But he has been under the strict protection of the U.S. intelligence organ in the territory.

The 33-year-old Wang Kun joined the PLA in 1981. Not long after that he was recommended for admission to an Army school under the Jinan Military Region, where he specialized in confidential work [ji yao zhuan ye 2623 6008 1413 2814]. He told our reporter that after graduation, he was first assigned to confidential work in a certain tank regiment of the 67th Army under the Jinan Military Region. Later, he was transferred to work as a confidential officer with the rank of captain in a field artillery brigade of the First Group Army, which is a principal force of the Nanjing Theater (Military Region). He revealed that the First Army, whose headquarters is located at Huzhou, is the most powerful and well-equipped group army in the Nanjing Theater. According to plans, it is a main attack force in war against Taiwan. From 1990 to 1992, there were military exercises aimed at Taiwan each year. But on each occasion, information on the planning of the exercise was acquired in advance by Taiwan military intelligence. After investigations, the military region internal security department suspected that it was a confidential or intelligence officer in the military region who had revealed the secrets to Taiwan agents. Due to the fact Wang Kun often expressed in private views on attacking corruption in the government, he became a major target of suspicion. However, in view of the fact the military authorities had not obtained any solid evidence of his involvement in divulging military secrets, he was not immediately purged. But he was ordered to leave his post in the confidential department and transferred to work as a financial assistant in a battalion. In September 1993 he was

transferred to civilian work. He worked as a secretary in a people's armed forces department in a suburb of Suzhou City. Since the launching of the "strike hard" campaign this year, he was again transferred to work as a people's policeman in the Huqiu suburban police substation under the Suzhou City Public Security Department. A few days ago, he left the mainland with a travel document, which he obtained through personal connections, to visit relatives in Thailand. When he stopped over in Hong Kong, he sought the help of the relevant political asylum organization.

He told our reporter about his three reasons for seeking political asylum in the West: 1) He is dissatisfied with the corruption in official circles on the mainland; 2) he is unwilling to take part in the "strike hard" campaign with preset targets and tasks; and 3) he will disclose to the international community the war plan against Taiwan worked out by mainland military authorities, the Nanjing Theater in particular, so as to bring the tense situation in Taiwan Strait to the attention of the West.

PRC: PLA Defector Reveals Previously Unknown 'Secrets'

HK1106074896 Hong Kong TUNG FANG JIH PAO
in Chinese 11 Jun 96 p A16

[Report: "Wang Kun Says That If PLA Had Attacked Taiwan, Soviet Union Would Have Sent Aircraft Carriers To Pin Down U.S. Aircraft Carriers"]

[PTS Translated Text for FBIS] In an interview with our reporter, Wang Kun [3769 3824], who had acquired many military secrets of the Nanjing Theater before his retirement, said: After the Chinese defense minister visited the former Soviet Union [as published] in 1989, a press communique issued by the two countries mentioned that they had reached six military agreements. But outsiders did not know one of the agreements: If the People's Liberation Army (PLA) attacked Taiwan, the Soviet Union would send its aircraft carriers to a location near the Taiwan Strait to pin down U.S. aircraft carriers that might have arrived to intervene. However, since the disintegration of the former Soviet Union, he does not know whether there exists a similar agreement between China and Russia.

Wang Kun also revealed: Actually, Taiwan military intelligence organs have had a good grasp of the large and small military exercises conducted by the PLA under the Nanjing Theater over the years. For example, the biggest military exercise was conducted on the Fujian front line in March this year. As the infantry division of the First Group Army arrived at Dongshan, the Taiwan radio station at Quemoy sneered at them, saying: You spent two years raising pigs and planting

vegetables in Jiangsu, do you still have the capability to fight?

He also revealed: Shortly after the "4 June" incident in 1989, an internal Army circular revealed that more than 3,700 persons died during the entire period of "turmoil." Twelve were servicemen, members of armed police force, and public security personnel, and the rest were students and innocent Beijing residents.

PRC: Hong Kong People Visit Future Hong Kong Army

*OW0906141996 Beijing XINHUA in English
1355 GMT 9 Jun 96*

[FBIS Transcribed Text] Shenzhen, June 9 (XINHUA) — More than 700 representatives from all walks of life of Hong Kong visited the military forces of Chinese People's Liberation Army to be stationed in Hong Kong here this afternoon.

The representatives from labor, women and youth organizations, circles of industry and commerce, education, social services and religion as well as mainland-funded organizations in Hong Kong.

Since the military forces made its first appearance on January 29 this year, the visit to the forces has become an aspiration of many Hong Kong compatriots, local officials said.

The soldiers performed military exercises for the visitors, winning applauses time and again.

The Hong Kong people said that they were deeply impressed by the visit to the military camp and the talks with the army men.

The military forces commander Liu Zhenwu told the visitors, "We will bear in mind the great trust of the motherland and the people, and the nature and goals of the people's army.

"We will strictly abide by the laws of the Hong Kong Special Administrative Region (SAR), respect the future SAR government, the Hong Kong compatriots and customs, not interfere in local affairs of the SAR, and do our best to ensure Hong Kong's long-standing prosperity and stability," he said.

PRC: Army Enterprise To Issue 36.8 Million Shares
*OW0806135296 Beijing XINHUA in English
1232 GMT 8 Jun 96*

[FBIS Transcribed Text] Beijing, June 8 (XINHUA) — A Chinese army enterprise announced here today it will issue 36.8 million shares to the public at the Shanghai Stock Exchange next week.

Songliao Automobile Co. Ltd, an army enterprise in northeast China's Liaoning Province, would raise 178 million yuan (21.4 million US dollars) to develop and produce two new vans, Zhao Fengxian, general manager of Songliao, told a press conference today.

It will become the first army enterprise in China to issue and list shares, Zhao noted.

Songliao previously was an auto repairing plant belonging to Logistics Department of Shenyang Military Area Command. It began to introduce share-holding system from 1993, and now owned 228.08 million yuan worth assets.

The company will start to produce the new vehicles from August, which are expected to bring 3.1 billion yuan in sales revenue and 331 million yuan in profits.

Up to the year 2000, the company aims to be able to produce 50,000 cross-country vehicles and 20,000 vans annually.

The "A" share offer will go on sale June 12, and will be listed on Shanghai Stock Exchange later.

PRC: Roundup on Shanxi, Other Provinces' Crackdown Success

*OW1006040496 Beijing Central Television Program
One Network in Mandarin 1100 GMT 9 Jun 96*

[Announcer-read video report; from the "National News Hookup" program]

[FBIS Translated Text] Public security authorities in Shanxi, Gansu, Guizhou, and Jilin provinces have achieved noticeable successes in cracking major criminal cases.

Shanxi province's public security authorities recently cracked a narcotics trade gang. Based on clues they had acquired, public security officers in Shanxi's Jishan County waited on the Hejin road in ambush early in the morning of 26 May and captured the suspect in a Santana sedan when he stopped at the designated location to deliver the narcotics. All the 10 suspects were caught red handed with 1.5 tonnes of caffeine, along with four vehicles and three portable phone used for the commission of the crime, as well as 160,000 yuan of cash [video shows shots of public security officers bringing suspects onto jeeps, a truckload of detergent-like substance in plastic bags covered by a tarpaulin, small trucks, portable phones, and a huge pile of cash tied in bundles].

Investigation showed that the criminal gang, headed by Jiao Jun and Wu Guo, managers of the Shandong Weihai Dongfang Medical Apparatus Corp. Ltd., camouflaged the narcotics as detergent and transported them

from Shandong to Hejin by vehicles [video shows public security officers bringing a female suspect down from a vehicle, interrogating a male suspect in a room, and unloading bags of white substance from a small truck].

Public security authorities in Gansu have cracked a number of major cases since the crackdown began. Public security authorities under the Lanzhou Railway Bureau recently cracked an unusual case concerning the theft of highly toxic substance. In only 10 days or so, they recovered the toxic substance — Cymag (qing hua na) — which weighed 700 kilograms, and arrested five suspects involved in the theft [video shows shots of public security officers entering a dilapidated building, digging a hole in the ground, a metal barrel behind a big hole, close-ups of white pellets in the barrel, and public officers lining up the five suspects in a street].

Yan Haiwang, secretary of the Gansu provincial party committee, and Governor Zhang Wule, visited 16 county and city districts to mobilize the masses to take part in the crackdown and to inspect and guide the local crackdown operations there [video shows the Gansu leaders visiting an unidentified location and shaking hands with the local people; and shots of public security officers discussing things at a meeting].

Guizhou Province's public security authorities recently cracked an extraordinarily large swindle case, apprehending nine swindlers, including Wang Daojian and Wang Ruiwen. Investigation shows that in early 1994, Wang Daojian and his criminal gang used counterfeited documents of the Guizhou Provincial Planning Commission and counterfeited proof of capital to purchase 500 mu of land, and then used the land to solicit construction contractors. At one time or another, they signed construction contracts, worth 500 million yuan, with 34 construction companies, defrauding more than four million yuan of insurance from them and inflicting losses of nearly 10 million yuan on nine construction companies which started to build houses on the plot [video shows shots of public security officers interrogating a male suspect, close-up of the suspect talking, shots of the suspect being brought onto a van, close-up of counterfeit documents of the Guizhou Provincial Planning Commission, notarized documents of the People's Bank of China, cash checks, official stamps, plainclothes searching and examining documents, and dossiers of documents].

Through mobilizing the masses to support the crackdown, Jilin province's public security authorities have received more than 1,500 pieces of useful clues from informants. So far the province's public security authorities have incarcerated over 100 criminal elements brought to them by the masses. [video shows a motorcade moving toward the camera, a woman handling a

large envelop to a security officer, and public security officers talking to an elderly man in his house]

As results of the masses' direct support, Yanchi city public security bureau has arrested Tiao Ruolong and other major felons suspected for robbery, rape, and theft [video shows a car overtaking a sedan and stopping it on a congested road, bringing out a male driver from the vehicle, and pushing him into their own car]

PRC: Computerized System To Improve Crime Fighting

OW1006145596 Beijing ZHONGGUO XINWEN SHE
in English 1434 GMT 10 Jun 96

[FBIS Transcribed Text] June 10 (CNS) — A national anti-crime computerized system goes into formal operation today, marking a major step taken by the public security department in making use of high tech to fight crime.

The system was developed and manufactured by a Beijing science and technology development company and an investment company. It was designed to meet the need of maintaining public security in the process of China's open-door reform and economic development.

Internationally advanced telecommunications and computer technology were employed in the system. It boasts multi functions including alarm raising, tracking, electronic mapping, information analyzing and making decision with the application of artificial intelligence. Burglar-alarm and fire prevention alarm systems installed in vehicles, security vans, financial as well as business offices and apartment buildings are connected with this system, which can track a moving target from which an alarm is raised.

The introduction of the advanced system constitutes a security network to cover the whole country which boasts the function of automatic networking and roaming nationwide for tracking and alarming.

PRC: Two Criminals Executed in Ningxia's Yinnan Prefecture

SK0806074296 Yinchuan NINGXIA RIBAO
in Chinese 23 May 96 p 1

[FBIS Translated Excerpt] The Yinnan Prefectural Intermediate People's Court held an open trial in Yanchi County on 22 May. A large criminal clique engaged in theft in various townships in Yanchi County was punished by law, and two principal criminals were sentenced to death. [passage omitted]

After the open trial, criminals Lu Liwu and Lu Cunbao were escorted to the execution ground to be executed by firing squad.

PRC: Twelve Criminals Executed in Henan on 27 May

SK1106005396 Zhengzhou HENAN RIBAO
in Chinese 30 May 96 p 1

[FBIS Translated Excerpt] On 27 May, the provincial higher people's court announced the judgments on five extraordinarily serious robbery and theft cases,

respectively made by the Xuchang, Jiaozuo, Luohe, and Zhengzhou railway transportation intermediate courts. Twelve prime culprits were sentenced to death, deprived of their lifelong political rights, and also executed by shooting respectively in Xuchang, Jiaozuo, Luohe, and Wuhan on 24, 25, and 27 May. [passage omitted]

General

PRC: Zhu Rongji Pledges Support for Superior Enterprises

*HK1106084496 Hong Kong TA KUNG PAO
in Chinese 11 Jun 96 p A2*

[Dispatch from Shenzhen: "Zhu Rongji on Inspection Tour of Guangdong, Stresses Need To Support Superior Enterprises"]

[PTS Translated Text for FBIS] While on an inspection tour of Guangdong from 31 May to 3 June in the company of Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong Provincial CPC Committee, and Governor Lu Ruihua, Zhu Rongji, member of the CPC Central Committee Political Bureau Standing Committee and vice premier, said enterprises must seize upon the present opportunity to rapidly expand their scope, raise their level, and increase economic returns by relying upon technological renovation and courageously enter in competition in the domestic and international markets. In the meantime, the state will also take practical measures to support the superior enterprises in their development.

While in Shenzhen, Zhu Rongji called managers of some of the foreign-funded enterprises to an informal meeting to listen to their views on the state policies. He also listened to work reports made by Shenzhen and the Dongguan leadership.

During the inspection tour, Zhu visited the Shenzhen Buji wholesale market for agricultural products, the biggest in China, inquiring about the prices and supply of grain, rape oil, vegetables, and other staple agricultural and sideline products. The trip also took him to the Shenzhen Kaifa [Development] Scientific and Technological Joint-Stock Company Limited, Huawei Technological Company Limited, the Kangjia Group, and the Dongguan Rihua Electronics Company, where he held cordial informal discussions with the managerial staff. Zhu spoke highly of Shenzhen's achievements in having rapidly built up over the last few years a number of enterprises manufacturing products with high added value and enjoying high economic returns, by persisting in tapping internal potential, improving management, developing hi-tech products, and developing the economy of scale. He encouraged these enterprises to take further steps to promote scientific and technological progress, develop the economy of scale, and increase their capacity to compete in the markets at home and abroad, in line with the guidelines laid down by Jiang Zemin in his two speeches on enlivening state enterprises made in both Changchun and Shanghai last year and this year respectively. He also hoped superior enterprises would expand their scope through annexing money-losing en-

terprises in the interior, and achieve common development through popularizing the advanced management mechanism. He said the state will provide those enterprises which are efficiently run and whose products find a ready market, especially those whose products have proved competitive in the international market, with full support in the form of credit and financing, to fully satisfy their needs for development.

On the morning of 2 June, Zhu Rongji made a special inspection of the Shenzhen Huanggang Customs Professional Control Center and the container inspection system, which attained advanced world level. He inquired in detail about specific inspection and control procedures. He also visited the Jiulong Customs' anti-smuggling showroom. He repeatedly stressed that because success or failure in the struggle against smuggling has a bearing on the national economy, the people's livelihood, and the destiny of the national industry, the struggle must not be treated lightly. All levels of leadership must acquire a profound understanding of this and must make great and determined efforts to crack down on smuggling activities along the coast. He also called on all functional departments to keep an eye on the new situation, study new problems, improve working methods, develop skills, and increase control capacity.

PRC: SETCO Official on New Corporate System

*HK1006064296 Beijing JINGJI RIBAO in Chinese
7 May 96 pp 1, 3*

[By reporter Cheng Yuan (4453 6678): "Correctly Understand the Modern Enterprise System — Interview With Chen Qingtai, Vice Minister of the State Economic and Trade Commission"; date and place not specified]

[PTS Translated Text for FBIS] Since the experimentation on the introduction of the modern enterprise system started over a year ago, gratifying progress has been made, but some problems have also been encountered in the process. Our staff reporter recently visited Chen Qingtai, vice minister of the State Economic and Trade Commission [SETCO], and asked him to answer some relevant questions.

[Reporter] What are the differences between the modern enterprise system and traditional state-owned enterprises?

[Chen] There are essential differences between the modern enterprise system and the traditional state-owned enterprises. This transformation is a leap forward for state enterprises in the process of moving toward a market economy. The differences are not small, but very large. Under the corporate administrative structure, the

owner's representative will enter the enterprise and exercise his powers in selecting operators, making important decisions, and obtaining returns on capital, from the standpoint of preserving and increasing the value of assets and avoiding operating risks. This will bring about fundamental changes, putting an end to the absence of owner's representative, redressing any irregular behavior of the enterprise, and ensuring the switchover to the new operating mechanism. Through the mechanism of mutual stimulation and mutual balance among the owner, operator, and worker, formed by the power organ, decisionmaking organ, supervisory organ, and executive organ within the enterprise, and by developing a scientific leadership system and decisionmaking procedures, the rights and interests of all three parties will be protected and their behavior constrained. Thereupon, we can set up the long-awaited operating mechanism in state enterprises whereby the enterprise assumes sole responsibility for profits and losses, enterprise success and survival depend on performance, and there are both incentives and constraints.

[Reporter] Why does the modern enterprise system emphasize checks and balances?

[Chen] In the past, the state-owned economy nationwide was like a super-business owned and operated by the state. Government institutions played the role of the board of directors in an enterprise. The government was to make decisions on the enterprise's important affairs. Once such decisions were made, all that the enterprise needed to do was basically implement them, carry them out, and put them into practice. There was no diversity of interest parties within the enterprise. As long as everybody worked together to accomplish state plans, they could all get paid accordingly by the state. After enterprise restructuring went ahead, government administration was to be separated from enterprise management. The owner's representative was to come into the enterprise and a general manager was to be appointed. They, plus the employees, became three interest parties. Therefore, trying to bypass the difference in the interest orientations of the three parties, regard them as a single interest party, and carry on with the unitary system under the simplistic slogan of "working for the party and producing for the state" is no longer feasible. To reduce the risk of discretionary decisionmaking and protect the interests of all parties, checks and balances are extremely necessary. Supervision is indispensable to prevent neglect of duty and abuse of power.

[Reporter] Could the introduction of the mechanism of checks and balances lead to different parties passing the buck and cause inefficient administration?

[Chen] There have been some cases where the enterprise tried to avoid checks and balances when building its administrative structure and appointed the same person to the positions of chairman of the board and general manager. If the board of directors and management are re-merged and the chairman of the board and the general manager are the same person, what would be "new" about the new system, and how would the new mechanism be established? This practice often leads to "control by insiders" and makes the owner a mere figurehead. It is wrong to draw a parallel between checks and balances and passing the buck. Checks and balances are actually a means to coordinate among different interest parties within the enterprise and balance their interests by using a set of standardized methods. First of all, we must acknowledge that there are several subjects within an enterprise that operates in the market. To balance their relationship by means of a mechanism of checks and balances, i.e., an organizational system and a set of working procedures, is an important precondition for the enterprise to attain smooth and healthy development. In a modern enterprise, the owner, the operator, and the worker have different approaches to issues, have different goals, and use different methods to obtain interests. Without a standardized pattern of checks and balances, the interests of different parties would clash and any disorderly conflict would make the entire enterprise suffer.

Now, some enterprise leaders have violated laws and discipline. One opinion suggests that too much power has been delegated to the enterprise and it should be revoked. If we do that, we will never be able to escape from the vicious circle of "chaos follows deregulation, resumption of control follows chaos, stagnation follows resumption of control, and deregulation follows stagnation." We have gone through many such cycles. Another opinion is that we should establish a corporate administrative structure and solve the problem of incentive and constraint through institutions and mechanisms. Further, in some enterprises, especially some wholly or partially foreign-funded enterprises, the employees' legitimate rights and interests have not been protected. This is also a problem with the administrative structure. Therefore, many interest parties have actually emerged within the enterprise in the context of market economy. The modern enterprise system is to acknowledge the diversity of interest parties and set up a scientific administrative structure to balance the relationship among all parties. That is why the mechanism of checks and balances is positive and very beneficial to the development of enterprises.

[Reporter] Does the founding of the board of directors mean transferring the powers that enterprise managers

have received from the state to the board and therefore weakening the managers' powers?

[Chen] The powers of the state shareholders of existing state enterprises are distributed among various departments of the government, which have to come together to make decisions on any major issues that would require deliberation and decision by the board of directors. Such issues include investment decisions on major construction projects, labor of the enterprise, distribution of income, and important personnel movements of the enterprise. In fact, the government has become the board of directors of any state enterprise. This mode of management is a basic manifestation of not separating government administration from enterprise management and an important cause for poor, low operating efficiency of state enterprises.

Under the factory manager's responsibility system, what the state has given the manager is the specific power of command to implement the decisions already made by the state owner on major issues and to conduct the enterprise's productive operation. The power to make such decisions that have to be made by the owner has not been given to the manager and is still with the government departments.

Under the modern enterprise system, the owners (or their representatives) enter the enterprise and form a shareholders' general meeting or a board of directors, which serves as a power organ and an operational decisionmaking organ exercising the functions of ownership within the enterprise. Therefore, the powers of the board of directors are formed by putting together the state shareholders' powers currently distributed among various government departments and bringing them into the enterprise. They are not the powers that have been given to the enterprise manager under the manager's responsibility system and have now been withdrawn. Under the corporate administrative structure, the manager still has sufficient commanding and discretionary powers to conduct productive operations. But he is subject to authorization by the board of directors and is accountable to the latter.

[Reporter] How can we improve and standardize the corporate administrative structure?

[Chen] The participation of the representative of the enterprise promoter (chu zi zhe 0427 6327 5074) forms a physical constraint coming from ownership. The equity representative of state assets has institutional clarity and is truly concerned with preserving and increasing the value of the assets he is associated with. If the owner is sham, the corporate administrative structure will be a mere form. The key to confirming the legal responsibility of the representative institution

of state assets for preserving and increasing the value of state assets is twofold: one, to make concrete the state "boss," and two, to make sure that the state "boss" truly has the understanding and sense of responsibility for taking care of the enterprise's own profits and losses commensurate with that of a "real boss." For the board of directors to assume responsibility to shareholders, an important precondition is that it must have the right to appoint or dismiss the manager. If the board has no power over the manager, the corporate administrative structure will not work and will become a mechanism for passing the buck. Only when the board has the power to appoint or dismiss the manager can effective incentives and checks and balances be put in place for the senior management, including the company manager. Because the manager is responsible to the board of directors, he can only be appointed or dismissed by the board and must not be directly appointed or dismissed by the shareholders' general meeting or any party or government department at a higher level. This is the only way in which the manager can assume responsibility to the board of directors; effective incentives and checks and balances can be established for the senior management, including the company manager; and the manager can act according to the will of the owner. The board is to the manager as the decisionmaker is to the implementer and the leader is to the subordinate. The manager must base the performance of his powers on the implementation of the board's resolutions and may not step beyond his terms of reference and the authorization of the board. The chairman of the board mainly functions within the board. Without authorization by the board, the chairman may not exercise the board's full powers; still less can he do things his own way bypassing the board, in the capacity of the "boss," "equity representative," or "number one." It must be made clear that the chairman of the board is not the same as the board; the chairman of the board is not to the manager as the leader is to the subordinate; the manager should be accountable to the board of directors, not to the chairman of the board as an individual; and the day-to-day operation and management are the responsibility of the manager and the chairman of the board may not overstep his terms of reference by giving direct instructions. In the meantime, it is necessary to bring into play the supervisory role of the board of supervisors in a substantive way. If a director commits neglect of duty and fails to fulfill a responsibility entrusted to him, the owner may remove or even prosecute him.

[Reporter] What is the difference between a state-authorized state-owned single-investor company and a multi-shareholder company?

[Chen] In the process of reform, as far as overcoming the defects of the old system and encouraging enterprises to change their operating mechanism are concerned, a limited-liability company with more than one shareholder has more advantages than a state-owned single-investor company.

First, it helps develop a mechanism of checks and balances among different owners, which protects the rights and interests of the enterprise. Each shareholder is to safeguard his own equity. If one shareholder wants to influence the enterprise with his privileges, he would be restricted by other shareholders. The interests of all shareholders are within the company's interests. Only when the company's cake is big can each shareholder be given a sizable piece in proportion to his contribution to the capital stock. Such checks and balances among the shareholders have effectively sustained the development of the enterprise. This would be hard to achieve if there were only one shareholder.

Second, it helps develop checks and balances on government behavior by relying on the shareholder equity and gradually achieve the separation of government administration from enterprise management. When the shareholders' representatives make their way into the enterprise and form a general meeting of shareholders and a board of directors, an isolation belt is created between the enterprises and the administrative superiors of the shareholders. When such administrative superiors want to interfere in the enterprise, they may meet with constraints from other shareholders. But a state-owned single-investor company is very vulnerable to interference from the previous superior-subordinate relations in its operation, so it is not conducive to separating government administration from enterprise management.

Third, it helps promote standardized operation of companies.

Fourth, it is conducive to fund-raising by enterprises through various channels. Like state enterprises, state-owned single-investor companies have a closed-end capital structure with a single shareholder, namely, the state. The treasury is the only source of capital funds.

At present, an inescapable fact is that most enterprises have an excessively high debt ratio. A major characteristic of the corporate system is the division of enterprise equity into a certain number of shares, held by a number of promoters, which provides room for capital input by reinvestors. Therefore, when an enterprise sees an opportunity for expansion, any interested investors can make capital contributions to it in the capacity of promoters through certain procedures. This provides the enterprise with broad leeway for expansion. In the development of a company, money will always be the

most needed resource. When a state-owned enterprise chooses to become a state-owned single-investor company while introducing the corporate system, it would in some sense miss an opportunity to raise funds from various channels and would put itself in an extremely unfavorable position before it reaches a certain scale of operation and has access to effective funding resources.

PRC: State Plans To Join IASC Next Year

HK1106073596 Beijing CHINA DAILY in English
10 Jun 96 p 5

[By Lu Hongyong: "Nation Plans To Join IASC Next Year"]

[PTS Transcribed Text for FBIS] Fourteen years of campaigning should culminate in China's membership in the International Accounting Standards Committee (IASC) a year from now the IASC chairman said in Beijing.

"I hope a formal announcement will be made between June and July next year when some 100 international capital market leaders meet in Beijing," said Michael Sharpe during a seminar last weekend.

Obstacles have been broken down through the lengthy bidding process, he said at an international accounting standards seminar in Beijing, jointly organized by two departments of the Ministry of Finance and Coopers and Lybrand, an international accounting company.

Over the past decade, China has made substantial reforms to its accounting system, and has been consistently adapting to international accounting norms, said Feng Shuping, deputy director-general of the accounting department of the Ministry of Finance.

Since 1992, China has raised about \$7 billion in foreign capital. Disparities in accounting standards between China and other countries, including the 85 IASC members, however, increased its overseas fundraising costs.

Companies are applying for overseas listing have been obliged to pay for two sets of financial reports—one according to Chinese standards, the other conforming to international standards, she said.

"The financial reason is a compelling one for China to harmonize its accounting standards with international practices as it opens its economy to the world," she said.

China has over the last four years hosted seven international seminars on accounting systems at which IASC was represented four times, she said, adding the events both strengthened IASC's influence in China and were

a window of opportunity for foreign observers to see China's accounting system reforms.

Another factor in the breakthrough, as Sharpe put it, is the fact China is now far more important in the global economy than it used to be.

Compared with other global bodies such as the World Trade Organization, the IASC seemingly has less stringent membership demands, and membership will help China upgrade its accounting education, auditing and environmental auditing.

"But financial reporting is probably the most important because China wants to raise some capital, and it's terribly important that people see your financial reports can trust them," Sharpe said.

Stressing that the eventual goal is one set of rules for the whole world, Sharpe acknowledged the current set of international accounting standards are mainly intended to streamline overseas listing.

He praised Coopers and Lybrand and other international accounting companies for helping China improve its accounting environment, saying it will also serve their long-term interests.

PRC: Good Prospects for Gold Industry

OW0806120496 Beijing ZHONGGUO XINWEN SHE
in English 0633 GMT 8 Jun 96

[FBIS Transcribed Text] June 8 (CNS) — With great potential in consumption market and large gold reserves in China, it is expected that there will be good prospects for the development of China's gold industry.

From the view of the market demand for gold, China is one of the most important gold consumption markets in the world. According to the statistics issued by the international gold industry, gold consumption in China was 116 tonnes in 1991, 250 tonnes in 1992, 350 tonnes in 1993 and 224 tonnes from 1994 to 1995. China is the fourth largest gold consumption country in the world after India, the U.S. and Japan. As China's economy is at a steadily growing stage and all nationalities in China have the tradition of wearing and collecting gold ornaments resulting in great market potential. [sentence as received] With only 1.5 grams of gold possessed on average, purchase of gold ornaments is predicted to maintain a growing trend with increase in people's income.

From the view of gold mining, China has become a large gold exploitation country. Its annual gold output ranks sixth in the world at present. China is rich in gold reserves with gold buried usually at a depth of 700 metres underground as opposed to a depth of

2000 to 3000 metres underground in other countries. Experts believe that gold reserves in deep strata in China have not been exploited and China's gold development remain at an early stage.

From the view of China's policy towards gold development, in the "Ninth Five-Year Plan", the State will continue to provide assistance for gold mining and give preferential policy which cannot be enjoyed by many other sectors. Before the domestic gold purchasing price is integrated with the international price, the State sets aside RMB 400 million per year to assist gold prospecting. Gold mining enterprises will be exempt from value-added tax. The People's Bank of China sets aside RMB 80 million per year from the difference between purchasing and selling price of gold as management charges for the gold industry. In addition, to solve fund shortage for gold prospecting, the State has agreed to the establishment of joint ventures for gold mining. All these policies have provided better condition for the development of China's gold industry.

PRC: Radiation Industries Set Ninth Five-Year Plan Goals

OW1106021596 Beijing XINHUA Domestic Service
in Chinese 0249 GMT 10 Jun 96

[By Han Zhenjun (7281 2182 6511) and Li Ligeng (2621 4539 5087)]

[FBIS Translated Text] Beijing, 10 Jun (XINHUA) — According to the latest information provided by the China Association of Isotope and Radiation Industries, China's isotope and radiation industries have basically established their development goals for the Ninth Five-Year Plan period. By 2000, China's nuclear farming [he nong ye 2702 6593 2814] will have developed substantially, and the annual output value of isotope and radiation processing industries (excluding nuclear farming) will have totaled 5 to 6 billion yuan.

China's radiation breeding measures up to advanced international standards. During the Ninth Five-Year Plan period, 15 new disease-resistant, high-quality, and early-maturing varieties will be screened for cultivation to increase grain output by 900 million kilograms. In the field of insect sterilization by irradiation, at least 10 million sterile cotton bollworms will be bred and released on 100,000 mu of cotton fields to reduce the rate of harmfulness by cotton bollworms from 20 percent to 1 percent.

In the field of isotopes and relevant applied technology, the types of radioimmunoassay kits will be increased from 70 to 100, and annual production will total 800,000 kits. The annual output value of isotopes and related

products will reach 300 million yuan, and that of fire alarms manufactured with nuclear technology will total 700 million yuan.

In radiation processing, China will increase the actual utilization rate of the 40 or so accelerator production lines it has put into operation from less than 30 percent to more than 80 percent. It will increase the annual output value of radiation processing industries to 4 billion yuan.

***PRC: Economist Zhang Zuoyuan on Inflation, Economic Growth**

96CE0244A Beijing JIAGE LILUN YU SHIJIAN
[PRICE: THEORY AND PRACTICE] in Chinese
20 Jan 96 No 2, pp 7-10

[Interview with noted economist Zhang Zuoyuan (1728 0587 0337) by reporter Wu Yanchao (0702 1750 6389); date not given: "Price Hike Rate Should Be Lower Than Economic Growth Rate"]

[FBIS Translated Text] During the Ninth Five-Year Plan period, China's primary task in macroeconomic control will still be curbing inflation. What should we do to pull down the overly high price index and make the price hike rate lower than the economic growth rate to create a favorable condition for promoting healthy economic development, deepening the reform, and ensuring social stability? With this question, our reporter Wu Yanchao held an exclusive interview with Comrade Zhang Zhuoyuan.

[Wu] In his "Report on the Outline of the Ninth Five-Year Plan for National Economic and Social Development and the Long-Range Objectives to the Year 2010," Premier Li Peng emphasized that "we must make inflation control the number-one task...during the Ninth Five-Year Plan period." Some comrades lack a deep understanding of this and, in particular, take exception to the expression "number-one task." Could you let us know your view on this question?

[Zhang] The main purpose of the central authorities saying "we must make inflation control the number-one task in our macroeconomic control during the Ninth Five-Year Plan period" is to create a better macroenvironment for developing the entire national economy and reforming the economic structure. Experiences at home and abroad show that curbing inflation and maintaining a basically stable general price level is a fundamental prerequisite for the healthy operation of a country's economy. Moderate and above-moderate inflation is bound to distort economic relations, hamper the normal production and operations of enterprises, lead people to engage enthusiastically in speculation and profiteering, throw commodity circulation and market into disorder,

misguide the allocation of resources, and aggravate unfairness in distribution. This is why many countries, when afflicted by inflation, take the control of inflation as the most important task and go all out for it. They put other questions, such as increasing employment and maintaining a fast economic growth, in second place and leave these questions to be gradually resolved after inflation has been put under control and the economic environment has become less strained. Successful experience in this respect gained by many countries since the 1970's has proved the correctness of the above theory and policy. Inflation control requires, first of all, a correct understanding. Only when people share the correct understanding, is it possible to formulate a proper policy. Only thus can we avoid resistance and distortion when carrying out the policy of reining in the macroeconomy.

[Wu] The CPC Central Committee's "Proposal" points out that the rate of price rise should be lower than the economic growth rate during the Ninth Five-Year Plan period. In your opinion, at what levels should these two rates be maintained in order to be appropriate?

[Zhang] Commodity price is an overall reflection of how the economy is operating. The trend of price change is dictated by the trend of economic development. When the operation of the national economy is stable, price will also remain relatively stable without big fluctuations. As far as keeping the rate of price rise below the rate of economic growth is concerned, we have worked out the following figures based on our years of experience in economic construction: During the Ninth Five-Year Plan period, our country's economic growth rate should be kept within 10 percent, i.e., 8 to 9 percent. The rate of price rise should be gradually pulled down from the double-digit level to about 6 percent by the end of this century. This is a rather ideal target. If we can meet this target, our country's economy will embark on a broad road of self-sustaining development. There is another question we should consider: We should ensure that the profit rate of concrete production industries will be higher than the interest rate, and the interest rate higher than the rate of price rise. Such a macroeconomic environment will be more beneficial to our country's economic operations. In "Das Kapital," Vol. III, Karl Marx expounded a principle: The average profit rate of operational capital must be higher than the interest rate. In other words, the maximum interest rate should not reach the level of the average profit rate of operational capital; otherwise, no one would invest in the physical production of commodities or trade in commodities. The present situation in our country is just the opposite. The profit rate of concrete production industries is roughly 7 percent, interest rate about 10 percent, and price rise

rate in the region of 15 percent. Because the profit rate of concrete production industries is too low — lower than the interest rate on savings deposits — there have appeared several hundred billion yuan of idle capital. Such capital sometimes flows into the securities market and at other times enters the futures market or real estate market to engage in speculation in pursuit of huge profits. This disturbs the good order of our economic operations and impairs the development of our concrete production industries. Also, the rate of price rise should be kept below the interest rate so that the real interest rate is positive.

I think only when our national economy is operating in this way can it be regarded as appropriate. The present commodity price index in our country is too high, and so is our interest rate. This is intolerable to most concrete production industries, including enterprises doing normal business. Our key task at present is to pull down the high price index and gradually cut the interest rate to a reasonable level. Of course, we cannot demand that this task be accomplished at one stroke. This year we should control the price index within 10 percent. Next year and the ensuing year we should pull it down to 7 or 8 percent or so. This is the appropriate way to deal with the question. It is impractical to cut the price index at one stroke to 3 or 4 percent. Perhaps 5 to 6 percent is also impractical. But we should try to cut it to 6 percent by the end of this century.

[Wu] You always hold that, under the present circumstances in our country, economic growth and inflation have a direct relationship. Does this mean that if we are to control price hikes, the key task is to control our economic growth?

[Zhang] Yes. To cut the overly high price index, we should properly control the growth of the economy and curb the excessive expansion of fixed-asset investment. Since our economic system has not yet completely changed, our economic growth is still an extensive growth. It depends mainly on increase in input. To produce more, we have to put in more. A very high growth rate, say, over 10 percent, requires a very high investment rate, or in other words, a big increase in fixed asset investment. This will inevitably lead to an overgrowth of loans and a big rise in the amount of currency supply. The consequence will be inflation. An overly fast growth of social needs will bring about an imbalance between total supply and demand and aggravate the imbalance of our economic structure. The prices of goods in short supply will go up, and this will drive up the prices of other commodities, resulting in chain-reaction price hikes. As a result, the general price level will go up and economic activities will become more chaotic. As our economy has developed

too fast year after year since 1992 (more than 10 percent), our growth rate of fixed asset investment has also been too high (in some years, the rate was as high as 40-50 percent; in fact, the growth of investment has exceeded economic growth by a too big margin). The fast expansion of the scale of loans and the sharp rise in the amount of currency supply once triggered a rather serious problem of inflation and overheated the economy. Since the second half of 1993, the government has repeatedly proposed and taken measures to control the overly fast growth of investment. Efforts spent over the past two years have gradually produced results. To achieve stable economic development and further curb inflation, it is appropriate, based on the condition of our country, to keep the economic growth rate between 8 and 9 percent — not to exceed 10 percent. We should also control the growth rate of fixed asset investment so that it will not surpass the economic growth rate by more than 40 percent (for instance, if the economic growth rate is 10 percent, the real growth rate of fixed asset investment should not exceed 14 percent). As for monetary supply, it is appropriate to control its growth rate at a level not higher than twice the rate of economic growth.

[Wu] Please tell us how our country's price reform will proceed during the Ninth Five-Year Plan period.

[Zhang] During the Ninth Five-Year Plan period, we will still lack a relaxed macroeconomic environment for price reform. This means that steady effort is still needed to adjust prices and reform the price system. Over the past two years, we have taken some administrative measures to control the prices of some commodities and services as a way to curb price hikes. We have also increased to a great extent our financial subsidies in this respect. But those measures only make the problem of the irrational price structure come up again. After inflation was initially put under control, there have been great pressures from various sectors demanding price adjustments. The total amount involved in such adjustments is as high as some 100 billion yuan. Facing this situation, we must alleviate the problem step by step. We cannot make big strides at one time to rectify the price ratios between different commodities because such an action will trigger a serious price spiral. We can only solve the problem step by step in several years. The process of the price reform during the Ninth Five-Year Plan period should be as follows: First, we should decontrol as early as possible the prices of competitive products that should be decontrolled. The prices of commodities requiring adjustment by the government should be adjusted in stages. We should first solve the most striking problem, namely, curbing the fast growth of financial subsidies, gradually cutting their amounts,

and improving their allotment methods. Meanwhile, we should speed up price legislation to standardize the price-related activities of commodity producers and dealers. In addition, the government should regulate the price level and manage and oversee the prices of various commodities according to law. Those who violate the law to wantonly jack up the price should be punished in strict accordance with the law. Besides, we should strengthen the supervision of prices by the public and mass media. Under the condition of a steadily developing economy, we should strive to rectify by and large the price ratios between different commodities and establish a sound price regulation system in three to five years.

Of course, there is one thing we have to worry about. That is, in a too tight macroeconomic situation, it will be impossible to aggressively rectify our price ratios, and there will be less room for adjusting our prices. In that case, more and more problems will be accumulated, affecting the operation of the entire economy. We should make every effort to prevent such a scenario.

[Wu] Presently, some economics scholars and comrades doing actual economic work are taking a skeptical attitude toward the goal of keeping the price index at about 10 percent in 1996. We understand you are confident that this goal can be achieved. How did you analyze the situation and draw your conclusion?

[Zhang] In 1995, China achieved great success in restoring its economic stability through a "soft landing." Faced with serious inflation, the government did not put on the brake suddenly, but persisted in carrying out appropriately tightening financial and monetary policies to regulate macroeconomic operations and achieve a proper economic growth by reducing slowly the growth rate of fixed asset investment and curbing the price hikes step by step. That year the economic growth rate was kept at a level slightly higher than 10 percent. Agriculture, which is a weak link in our national economy, was reinforced to some extent. Agricultural harvest was pretty good. The rise in retail prices for the entire year was 14.8 percent; for November and December, it already fell below the double-digit level, meeting the target set at the beginning of the year. While there are now still many problems and difficulties with respect to our social and economic situations — in particular many enterprises are not doing well — our economy on the whole is pretty good and is developing in the direction toward stability and healthiness. This provides a fairly good framework for us to solve the difficulties on the road ahead and assists us in developing the reform program in depth and on a full scale.

The Central Economic Work Conference in December 1995 pointed out that in 1996 we should strengthen and improve our macroeconomic control with special attention to two tasks: One is to continually curb inflation as the number-one task of macroeconomic control. The other is to further rationalize our economic relations and rectify and standardize our economic order through indepth reforms. Accordingly, this year we have to continue the appropriately tightening financial and monetary policies, control social demands, and boost effective supplies to achieve an overall balance of the economy. Obviously, such a macroeconomic policy will result in the stable development and operation of the national economy and ensure a drop in the margin of price rise. If we do well in this respect, the rate of price rise may fall to one digit, that is, below 10 percent.

With regard to whether we can control our price index at a roughly 10 percent level, a very important factor is agriculture. Of the 10 percent price rise target, factors left over from the past make up 3 percentage points, spontaneous price hikes 5 percentage points, and planned adjustment 2 percentage points. Here, agriculture plays a crucial role. If our agriculture gives a good harvest, our supply of agricultural produce will be abundant, and the spontaneous price-hike factors in the market will have less effect on the price index. This will create a favorable condition for the state to adjust prices, rationalize price ratios, and ease price problems. Conversely, if our agriculture gives a poor harvest, agricultural produce will be in short supply, and spontaneous price rise factors will be hard to control. It will be difficult to meet the target of 10 percent price rise.

[Wu] "There can be no stability without agriculture." This is a conclusion we have arrived at after years of experience in developing our country's economy. It has become a consensus of understanding. Some people say the foremost task in stabilizing prices is developing agriculture. What is your comment on this?

[Zhang] China is a big agricultural country. Its agriculture plays an exceptionally prominent role as the foundation of the national economy. Since the founding of the People's Republic, we have experienced several instances of disproportional development of various economic sectors, and on several occasions, our economic stability has faced severe threats. The main reason for all of these was our lagging agricultural development. The most noticeable shortage of supply was the shortage of agriculture produce. And to a great extent, the rise in commodity prices was caused by insufficient supply of agricultural produce to meet the demand. We have learned quite a lot of intensive lessons in this respect. The stable development and healthy operation of

China's economy relies, in the first place, upon the stable development of agriculture. The rate of growth of our agricultural produce supply should steadily exceed the rate of growth of our population and correspond roughly with the annual growth of the people's purchasing power. This requires us to devote more attention to agriculture. We should increase our input in agriculture, ensure the income of farm workers, open and improve channels for the flow of agricultural produce, and reduce the burden of farmers. We should see to it that our agriculture will give a bumper harvest in normal years, and farmers' real income and consumption levels will be raised in line with those of urban people. This is of utmost importance to the stabilization of markets, commodity prices, and the economy.

[Wu] In some articles and speeches, you have said that solution to China's price problems lies in reforming state-owned enterprises and changing the way of economic growth. Why?

[Zhang] The key to transforming the economic system is reforming state-owned enterprises. Now, many state-owned enterprises are faced with difficulties of one kind or another. The radical way to solve these difficulties is to deepen their reform. State-owned enterprises should establish a modern enterprise system. The state should focus on improving about 1,000 large and extra large enterprises or enterprise groups by helping them solve the problems encountered in building the modern enterprise system, strengthen technological transformation, and stabilize and increase their market shares. As to the vast number of small and medium-sized enterprises owned by the state, the policy should be gradually liberalizing and invigorating them. We should allow local authorities greater flexibility in doing this as long as they comply with the state-established guidelines and policies and can ensure that state assets will not be lost and employees' well-being is taken care of. Now, many localities have created very good and successful experiences in liberalizing and invigorating small and medium-sized state-owned enterprises and in promoting the reform of state-owned enterprises. Examples are the methods they have used in doing this, including auction, acquisition, lease, and reorganization into companies practicing the stockholding and cooperative systems. We can expect that, with the deepening of the reform, more good experiences will be created, the pace in reforming state-owned enterprises will be quickened, and hopefully an initial form of the socialist market economy can be established in China by the end of this century. Once the reform of state-owned enterprises has been accomplished, these enterprises will become vigorous mainstays and efficient competitors on the market. It will be possible to considerably reduce the subsidies

for losses and bank loans for maintaining stability and unity, thereby eliminating the factors that lead to price hikes. In addition, through the improvement of their internal restraining mechanisms, enterprises will be able to control their price-related activities and assist in forming a mechanism for prices to be determined by the market. All these will, of course, reduce to a great extent the pressure of inflation and price hikes.

Also essential is to change the way our economy grows. At present, we should put special emphasis on promoting technological transformation, taking advantage of the economy of scale, and adjusting the organizational structure and product mix of enterprises. In particular, it should be stressed that, apart from policy adjustments, the key to changing the way of economic growth lies in deepening the various reforms, chiefly the reforms of our investment system, enterprise operations system, financial system, price-management system, and foreign trade system. Without deepening these economic reforms, there could be no real change in our way of economic growth. If our economic growth remains in the form of extensive growth, once our economy develops at a high rate — for example, 10 percent or higher — it would be impossible to lower the excessively high price index and to solve the price problems accumulated over many years in the past.

Foreign Trade & Investment

PRC: Guangdong To Launch Anti-Pirating Campaign in Jun

OW0406093096 Beijing ZHONGGUO XINWEN SHE
in English 0900 GMT 4 Jun 96

[FBIS Transcribed Text] June 4 (CNS) — Guangdong province will launch a large campaign fighting pirated and other illegal publications later this month.

Huang Huahua, deputy chief of the Guangdong Provincial Party Committee, said that the authorities would concentrate on cracking down pirates and pirated publications to curb infringements of intellectual property right. Anyone or any organization involving copying or selling such illegal publications would be severely punished.

According to Li Lanfang, deputy governor, the provincial government will take tough action in rectifying the provincial market of audio and video products. She urged all departments concerned to take responsibility for combating pirated, pornographic and other illegal publications.

Retail and wholesale markets of small commodities, electrical household appliances and electronic products, which have been distributing centres of illegal audio/

video publications, will be main targets of inspection and rectification during this campaign.

The campaign will last until the end of this year.

PRC: Supreme Court Vice President on IPR

OW0706121396 Beijing XINHUA Domestic Service
in Chinese 1300 GMT 5 Jun 96

[By Central People's Broadcasting Network reporter Lu Ying (0712 3853) and XINHUA reporter Jia Fenyong (6328 1164 0516)]

[FBIS Translated Text] Beijing, 5 Jun (XINHUA) — The Supreme People's Court called a news briefing in Beijing today on Chinese judicial authorities' protection for intellectual property rights (IPR). During the news briefing, Supreme People's Court Vice President Li Guoguang briefed journalists on people's courts' IPR adjudication in recent years and answered their questions.

Li Guoguang said: Ever since China embarked on reform and opening up to the outside world, the country has attached great importance to IPR legislation to ensure fair competition and economic order in the market and promote economic and cultural development. The "General Rules of the PRC Civil Law" provide that IPR — such as copyright, patents, proprietary trademarks, and scientific-technological accomplishments — are entitled for full protection. Since 1982, China has promulgated and implemented a string of special IPR-related laws and regulations, such as the Trademark Law, the Patent Law, the Technology Contract Law, the Copyright Law, the Counter-Illegitimate Competition Law, and the Regulations for Protecting Computer Software. Although China's IPR legislation had a late start, the unusual speed of legislation in the world's IPR history has won very favorable comments from the world's IPR circles. While establishing and improving the domestic laws for IPR, China has also strengthened its contacts and cooperation with other countries with regard to IPR, and has acceded to international IPR organizations, such as the Paris Convention of Protecting Industrial Property Rights, the Madrid Agreement of International Trademark Registration, the Bern Convention of Protecting Literature and Art, the World Copyright Convention, and the Convention of Protecting Record Manufacturers and Preventing Unauthorized Record Duplication; signed bilateral IPR protection agreements with the United States and other countries; and has made positive efforts in fulfilling international IPR obligations. For more effective application of all IPR protection laws and to improve the IPR litigation system in accordance with adjudicatory needs, the Supreme People's Court has, since the 1980's, drawn up and promulgated nearly

20 documents regarding judicial interpretation of IPR protection, and these documents have played a positive role in guiding people's courts at all levels in the country in adjudicating IPR cases.

Li Guoguang pointed out: In recent years, China not only has drawn up a whole set of IPR-related laws and regulations, but also has prescribed ways of protecting IPR by means of judicial and administrative measures. Owing to the fact that IPR cases are highly specialized and technical, the Supreme People's Court has also established an IPR office to guide and supervise the adjudication of IPR cases. Based on their practical needs, higher people's courts in Beijing, Shanghai, Tianjin, Guangdong, Fujian, Jiangsu, and Hainan and municipalities; the intermediate people's courts in the seats of people's governments in these provinces and municipalities; and intermediate people's courts in all special economic zones, have also established collegiate benches in their economic and civil tribunals and assigned them with capable judges with a high sense of ethics to preside over the adjudication of disputes over industrial property rights and copyrights. Assigning special courts and professionally trained judges to adjudicate IPR cases helps the nation accumulate needed experience and improve efficiency in handling IPR cases. In one way or another, people's courts have also trained adjudicators in related fields. The training classes, which have so far trained more than 3,000 judges, have substantially improved the overall proficiency of IPR adjudicators.

Li Guoguang said: Along with the implementation of IPR laws and the improvement of judicial measures for IPR protection, people's courts at various levels have accepted and completed adjudicating a large number of civil cases on IPR disputes. Statistics show that, to protect IPR holders' legitimate rights and interests according to the law, people's courts completed adjudicating 14,950 of the 15,543 cases they had accepted during the 1991-1995 period. During the same period, people's courts at various levels also completed adjudicating 1,676 of the 1,690 criminal cases concerning trademark counterfeiting, and sentenced 1,375 offenders to fixed-term imprisonment or criminal detention. In accordance with China's Law of Administrative Procedure, people's courts also took up the responsibility of readjudicating administrative lawsuits in which citizens, corporations, and other institutions disagreed with the decisions made by administrative organs in charge of IPR. During the 1991-1995 period, people's courts completed handling 161 of the 172 cases concerning patent and trademark infringements, maintained the original verdicts for 52 cases, replaced and changed the verdicts for 31 cases, handled 49 cases in which plaintiffs

retracted their lawsuits, and completed the handling of 29 other cases by various other means.

Li Guoguang stressed: In accordance with the Constitution and other laws, people's courts in China exercise independent rights in adjudicating all IPR cases, and they can reject interference from any administrative organs, social groups, or individuals. When people's courts adjudicate IPR disputes which involve foreign concerns, they follow Chinese laws and relevant international conventions, international treaties (except those provisions for which China has stated reservations) and bilateral accords to which China is a signatory, as well as international norms; and uphold the principles of reciprocity and the principles in applicable laws governing treatment of nationals. To ensure an adjudication's openness, impartiality, solemnity, and scientific handling, people's courts also hire technical experts to act as jurors and give their advice whenever an IPR case involves specialized technical issues. To safeguard litigants' legitimate rights and interests, people's courts also make it a practice to take necessary legal measures to deal with all sorts of problems which may appear in adjudicating IPR cases.

Li Guoguang said: All quarters at home and abroad endorse the great successes which Chinese people's courts have achieved in lawfully and justly adjudicating the large number of IPR protection cases with powerful measures. After the Shanghai Pudong New District People's Court finished adjudicating the three cases about unfair competition — including the one in which the Shanghai Gillette Corp. Ltd., a Sino-U.S. joint venture filed a suit against the Shanghai Huaxing Razor Plant for unfair competition — the company's American manager said that the court's timely handling of the cases had protected the company's legitimate rights and interests and proved the importance which China attached to IPR protection. He said he felt even more at ease with investing in China. While receiving the gold medal which the World Organization of Intellectual Property Rights presented to him in November 1994, Supreme People's Court President Ren Jianxing thanked the organization's director general, Dr. Bogash [transliteration of name as received], for acknowledging the achievements which China made in protecting IPR and in perfecting the IPR protection system since China embarked on reform and opening up. Li Guoguang said: People's courts in China are not satisfied with their achievements. In the future, they will continue to demonstrate their adjudicatory functions even more effectively in ensuring fair competition and will contribute even more to promoting the healthy development of China's socialist market economic system, expediting the transformation of science and technology into productive forces, and pro-

moting Sino-foreign exchange and cooperation in the fields of science, culture, and art.

Li Guoguang also answered questions raised by Chinese and foreign journalists.

PRC: Model Factory Turned Out Illegal Discs

HK1006045796 Hong Kong SOUTH CHINA
MORNING POST in English 8 Jun 96 p 1

[By Charlotte Parsons]

[PTS Transcribed Text for FBIS] The Shenzhen factory labelled China's economic "masterpiece" unwittingly churned out thousands of illegal CDs, the High Court heard yesterday.

The Shen Fei Laser Optical Systems Company has been visited by paramount leader Deng Xiaoping and premier Li Pen.

But on July 12, 1994, 5,000 CDs were seized on their way from the factory to a Hong Kong exporter because two of the 17 songs on the discs breached copyright.

On January 19, a Fanling magistrate found the exporter Megabyte Magnetic Industrial Company Ltd — guilty of possession of works that infringed copyright, and company director Daniel Wong Fuk-wing was fined \$240,000. But he came to the High Court yesterday in a bid to clear his name.

Wong went to great lengths to confirm that all the songs could be reproduced legally, his lawyer Gerard McCoy said. But when he asked the Customs and Excise Department for copyright information on the songs, they said they could not help him. "I asked the officer whether there was any way to check whether the client's authorisation was genuine and also asked for a guidebook to find out which songs belong to which company," Wong said at the original trial. He was told no such book existed. His CDs were seized three weeks later.

On August 8 last year, Wong was arrested and ended up giving his statement to the same Customs officer he had gone to for legal advice.

Confusing and inaccessible copyright laws were to blame for the breach, Mr McCoy said, not Wong.

Mr Justice Thomas Gall agreed Wong "seemed to be desperate to comply with the law".

Belgian company Inneco Belgie Traders had asked Megabyte for 5,000 copies of a disc featuring 17 songs by various Western artists.

Wong then approached Shen Fei, but the company was also concerned with the CDs' legality and refused to accept the order without proof of copyright.

Wong sent them all the papers he had received from Inneco.

"The Chinese company verified that it all seemed to be in order," Mr McCoy said. "Everyone is squeaky clean."

The verdict was adjourned until June 26.

PRC: 'Orderly Development' Noted in CD, Laser Disc Industry

OW1006135196 Beijing XINHUA Domestic Service in Chinese 1428 GMT 5 Jun 96

[By reporter Qu Zhihong (2575 1807 4767)]

[FBIS Translated Text] Guangzhou, 5 Jun (XINHUA) — According to the latest news from the production forefront brought by some 20 enterprises engaged in compact [CD] and laser disc duplication at the ongoing "national work conference on CD and laser disc duplication" here, these enterprises have had a full production schedule since the beginning of this year and most processed products are domestically manufactured audio-visual products and electronic publications. The industry has begun to show a good situation of healthy and orderly development.

Departments responsible for the work and enterprises in various localities universally maintain that this situation should be attributed to the state's efforts in strengthening supervision and management of the CD and laser disc duplication industry, the establishment of regulations and systems, and large-scale screening and rectification in the past two years. Many factories indicated that the government's efforts in strictly cracking down on illegal publishing activities and investigating and dealing with violations of stipulations within the industry have created a favorable condition for their legal and regular production. With laws and regulations to follow and to punish those violating the discipline, a normal order for duplication and production has taken shape.

The CD and laser disc duplication industry is a new industry in China established in the early nineties. It has played a positive role in promoting China's economic development and progress in educational, scientific, and cultural undertakings as well as enriching the lives of the masses of people. Because of over-speeding and overheated development and relative lag in management for a time, however, this industry has had a rather chaotic situation before, particularly the problem of duplicating pirated products, which has produced a grave impact at home and abroad.

To solve these problems as soon as possible and guide the national CD and laser disc industry to a healthy development, the state has promulgated the "Regulations Governing Audiovisual Products" and other laws and regulations following the enactment of the "Copyright Law," and the Press and Publications Administration and other departments have formulated a series of important management measures as well as promoted codes for recognizing the origin of CD and laser discs, copyright authentication, power of attorney for unified duplication, resident supervisors in factories, and other systems. Presently, China's CD and laser disc industry is basically under legalized and standardized administration, which has created a good environment for legal businesses and severely punished those who disobey. Since the second half of the previous year alone, seven CD and laser disc duplication factories have had their licenses revoked for copyright infringement, pirating, and manufacturing and distributing obscene materials.

Yu Yongzhan, deputy director of the Press and Publications Administration, maintained: CD and laser disc duplication is a "sunrise industry" with great potential in China as well as in the world; it is also an important aspect in the construction of spiritual civilization. As a member of China's large publication force, enterprises engaged in CD and laser disc duplication should be fully aware of the close relations between their work and the overall importance for the protection of intellectual property rights; the thriving of scientific, cultural, and educational undertakings; and the promotion of long-term social development. He said: Some deep-seated contradictions in the CD and laser disc industry still remain unresolved. As a department responsible for the work, his administration will work out an industrial policy and a set of state standards as soon as possible for expanding disc production in China and boosting disc production to a greater scale and higher grade. Meanwhile, the administration will, as usual, strengthen its supervision and management over enterprises, deepen the struggle against pornographic and illegal materials, resolutely investigate and deal with law breakers, and severely crack down on and bring repeated violators to justice. In the face of a golden opportunity for development, all CD and laser disc producing enterprises should cherish this hard-earned situation, strictly abide by relevant state laws and regulations, and safeguard the established normal production order. In the meantime, they should also strengthen professional management; establish a mechanism of self-restraint; have self-respect, self-discipline, and self-improvement; seek development, occupy the domestic market, and march toward the world stage with their actual strength; and realize the lofty aspirations and high ideas of reinvigorating China's national CD and laser disc publication industry.

The State Press and Publications Administration and the State Copyright Bureau jointly held the two-day meeting. Responsible persons from relevant departments under the CPC Central Committee Propaganda Department and Foreign Trade and Economic Cooperation Ministry; audiovisual copyrights administrations of 10 provinces, autonomous regions, and municipalities; and CD and laser disc factories attended the meeting.

PRC: Editorial Calls For Settling IPR Issue Through Talks

OW0806144196 Hong Kong WEN WEI PO
in Chinese 8 Jun 96 p a2

[Editorial: "Only Talks Can Settle the Issue — Commenting on Resuming Sino-U.S. IPR Talks"]

[FBIS Translated Text] Unofficial consultations between China and the United States on intellectual property rights [IPR] protection ended in Beijing yesterday. The two sides decided to hold official talks next week. This is an attempt by the two sides to settle the issue and reach agreement, 20 days after Washington announced the list of trade retaliations and Beijing, the list of counter-retaliations. This is a positive trend, which is welcomed by all parties.

Last year, China and the United States signed an agreement on IPR protection. Over the past year, China has adopted most effective measures to implement the agreement with utmost sincerity; and has made great efforts and achieved obvious results in IPR protection. Piracy, once rampant in some places, has been effectively curbed. At the Sino-U.S. IPR talks last March, the Chinese briefed the U.S. side in detail on China's efforts on and progress in IPR protection. However, the U.S. assumed an ostrich approach of ignoring China's legislation and law enforcement in IPR protection, and took a tough stand by announcing the imposition of trade sanctions on the Chinese. Of course, China could not accept the sanctions and, in line with Chinese foreign trade law, announced measures of counter-sanctions accordingly.

However, the U.S. tough stand has a soft touch, that is, it announced that the list of trade retaliations would not be enforced immediately, but would be put on hold for a month grace period. During this period, if the two sides resume talks and reach an agreement, the trade war would be averted.

Should there be a trade war between China and the United States, nobody would benefit. The two countries have seen rapid growth in their trade in recent years, and have become major trading partners. Due to different statistical methods, Washington deems China as enjoying a favorable balance of trade with the United

States, which, according to the Chinese statistical methods, is not the case. Despite the difference, the rapid growth in Sino-U.S. trade is a fact. China provides a tremendous amount of high quality, cheap daily commodities for the U.S. consumers and, at the same time, is the vast market for the U.S. industry, agriculture, and cultural products. As Chinese Vice Premier Zhu Rongji said during a recent visit to Malaysia, the U.S. Boeing Aircraft Company alone wishes to sell airplanes worth \$100 billion to China in the next 10 years. To the United States, the Chinese market is not dispensable, but very important; it will become even more important.

Trade disputes are products of increased trade, which, of course, are not unusual. As the world's largest developed country, the United States has maintained extensive trade ties with other countries; meanwhile it has also been engaged in trade disputes with other countries. The only solution to trade disputes is holding talks. Talks must be conducted on the basis of equality, mutual respect, and sincerity. So long as the two sides proceed from this basis and sit down at the negotiation table, ways for settling disputes can always be found. Once an agreement is reached and seriously implemented, the two sides can promote the further development of bilateral trade. This is how the Sino-U.S. agreement of last year was reached.

It should be noted that on the basis of last year's agreement, China has intensified efforts on IPR protection this year. The relevant Chinese ministries and commissions recently held a special meeting to further study measures for cracking down on piracy and copyright infringement. China has included piracy of audio and video products and software as the targets of crack-down into the ongoing nationwide crime crackdown, thus showing the country's determination and concrete action to ban piracy. In Guangdong Province, where pirated audio and video products and software are concentrated, a number of illegal markets have been shut down. The Chinese Government has the determination and capability to effectively enforce the law to protect Chinese and U.S. IPR in accordance with China's own law on IPR protection.

IPR protection is a global issue. China has been praised by many countries for its swift, high quality, and forceful legislation in this respect. However, as IPR is also an unique issue, even the developed countries cannot find effective ways to solve the problem of piracy and copyright infringement; China, as a developing country, needs a process to solve the problem; let alone, this process has already been much shorter in China than in other countries. The United States should proceed from equality when demanding IPR protection from China; it should not resort to making unreasonable

demands, much less pursue a political aim, which can only produce the opposite results.

In the latest unofficial consultations, both U.S. and Chinese representatives were rather optimistic. We hope that next week's official talks between China and the United States will succeed, because only talks can settle the issue and only cooperation conforms with the interests of both sides.

PRC: Guangdong Cracks Down on Compact, Laser Disc Piracy

OW0906041396 Beijing XINHUA in English
0349 GMT 9 Jun 96

[FBIS Transcribed Text] Guangzhou, June 9 (XINHUA) — Police in south China's Guangdong Province has closed down four illegal VCD [video compact disc] or LD [laser disc] assembly lines in one plant and two companies and detained a number of suspects in a major crackdown on infringement of intellectual property rights (IPR).

On May 30, three illegal VCD assembly lines and over 40,000 VCDs were uncovered in Qiaotoulin Village in Chaoyang City. The Guangdong Provincial Public Security Department and Chaoyang City public security organs captured Lin Zhihong, Zhou Xiuming and other 11 suspects on the spot.

The VCDs were produced by "Jinxing Magnetic Electric Appliances Plant" and "Chaoyang City Xiashan Guanchang Electronics Co. Ltd."

On June 5, police in Shunde City attacked an illegal VCD and LD packing and processing site in Guizhou Town.

The site was set up by Guizhou Town Weifa Industrial Co. Ltd. In the city, which has illegally processed and packed over 110,000 VCDs or LDs since last October, making a profit of 140,000 yuan (about 17,000 US dollars). President of the company has been detained by the police.

At present, the police is now probing the detained suspects.

PRC: Beijing Punishes Companies Violating Copyright Laws

OW1106065296 Beijing XINHUA in English
0636 GMT 11 Jun 96

[FBIS Transcribed Text] Beijing, June 11 (XINHUA) — Three Chinese companies involved in producing and selling pirated compact discs (CDs) have been punished, the Press and Publication Administration announced here today.

The business licences of the Chaoyang Jinfa CD Technology Company and the Zhongshan Yisheng CD Production Company, two Guangdong-based companies, have been revoked by the Press and Publication Administration and the State Copyright Bureau.

Pirated products made by them have been confiscated and destroyed, and they also have been fined 200,000 yuan (about 24,000 US dollars) respectively, according to sources with the State Copyright Bureau.

Additionally, the Press and Publication Administration has stopped the production of the Guangxi Guilin Jindie Technology Company, which had introduced two CD production lines without government approval and is suspected to have produced pirated goods.

"The move again shows the Chinese government's firm stand of protecting intellectual property rights and fighting copyright piracy," a spokesman for the Press and Publication Administration said.

He said that a number of laws and regulations have been issued to bring the CD market into order and since later last year the government has revoked the licenses of seven companies.

He asked all companies and units to obey the laws and regulations and protect copyrights to help the country's cultural and scientific interests prosper.

PRC: Article Says Sino-U.S. Trade War May Be Averted

HK1106081196 Hong Kong WEN WEI PO in Chinese
11 Jun 96 p A2

["Special article" by Chu Hsing-fu (2612 1630 4395), WEN WEI PO Washington-based special correspondent: "Sino-U.S. Trade War Can Hopefully Be Checked—Written on the Eve of the Reopening of the Sino-U.S. IPR Protection Talks"]

[PTS Translated Text for FBIS] Washington, 9 Jun—Whether or not China and the United States can reach a compromise at the intellectual property rights (IPR) protection talks before the deadline expires at midnight Beijing time on 17 June is an issue of the greatest concern to the industrial and commercial circles on the Chinese mainland and in Hong Kong. Presently, all indications show that the possibility of a full-scale Sino-U.S. trade war is diminishing and the possibility of both parties burying the hatchet and making friends again at the last moment seems to be increasing.

Issue of Concern to the United States Has Been Solved Basically

Readers will probably ask: How so? The answer is: In the past the United States has accused China of violating

IPR. Although the issue is serious, China has exerted its utmost efforts to protect IPR in recent years, especially in recent days. Compared with Russia, India, Indonesia, Vietnam, and many other countries where violations of IPR also exist, China is currently making various efforts and is leading other countries in this respect. Given that the United States can tolerate other countries which are poorer than China in enforcing the law, it would be tantamount to whipping a willing horse if the United States is still bent on imposing sanctions on China, which has made a good account of itself. Firstly, this is unreasonable; secondly, this is unnecessary; and thirdly, this benefits neither party.

U.S. trade talks representatives are now holding the last round of talks in Beijing and Guangdong. On the eve of the present talks, the issue of concern to the United States has actually been basically solved. The Chinese side recently redoubled its efforts to crack down on illegal duplication of compact discs (CDs), by the dispatch of supervisors to 30-plus CDs and software manufacturing plants to ensure that these plants strictly observe discipline and law in the future. It has also called the directors of the 30-plus plants to a meeting in Beijing to raise their awareness on the need to protect IPR and ask them to make specific pledges. Moreover, the customs in Guangdong Province and the coastal areas recently have tightened inspection of CDs and software taken out of the country and arrested a number of businessmen engaged in smuggling activities and even plant directors involved in the production of pirated products.

The Real Obstacle Lies in Market Access

In all fairness, the gap between China and the United States on stepping up law-enforcement has narrowed, making it unnecessary for the United States to make a fuss about it and impose trade sanctions against China. It is said that the obstacle to the current talks lies probably in market access. China annually imports 10 movies from the United States. In the view of the United States, as China has a population of 1.2 billion, its current imports are disproportionate to its population and, therefore, the United States asks China to open its market to U.S. movies and audio-video products. This issue actually has nothing to do with IPR protection. But, according to the United States, it is precisely because the Chinese movies market is not open to the United States that copyrights infringements have spread and, if China opens its market and forms joint ventures with the United States in operations and management, the issue of copyright infringements will be readily solved.

Apart from importing movies from the United States, China should annually import many movies from other countries as well, such as Mexico, Brazil, Japan, India, Italy, Britain, France, and even such a small country as Nepal, so as to strengthen China's cultural exchanges with foreign countries. But the U.S. Movie Association eyes China as a huge market and wants to come out first. Consequently, they actively lobby the Clinton administration to urge China to open its market. As the representative of Hollywood in Washington, the U.S. Movie Association has close ties with the White House and congressmen on Capital Hill. To get political contributions from Hollywood in this election year, political leaders and politicians cannot but give due considerations to Hollywood's demand.

How To Ensure Safety in the "Election Year"

It would be rational to ask China to intensify enforcement of its IPR protection law. And it would generally not be unworkable to ask China to import a few more American movies each year. But it would force China to an impossible position to ask China to open wide its movies and audio-video cultural market. If China should announce trade sanctions against China on account of market access, the United States will not only gain nothing in China economically but will suffer enormous losses.

Just think. If a Sino-U.S. trade war should break out, the Clinton administration is likely to gain in certain political aspects and some U.S. industries calling for trade protectionism and a small number of congressmen actively opposed to China will likely dance with joy. However, will the major companies and enterprises which invest heavily and have huge commercial interests in China watch the Clinton administration bungle its relations with China and yet have a clear conscience? Who will guarantee the U.S. businessmen's huge potential commercial interests in China will not be seriously affected as a result? Will the vast numbers of U.S. consumers and retailers allow the Clinton administration to have an easy ride on election year?

Efforts Should Be Made To Create a Win-Win Situation

In the strategic interests of both countries, China and the United States should adopt a posture of mutual compromise and concession in the trade talks. They should try to create a win-win rather than a zero-option situation. China is opposed to the U.S. practice of threatening trade sanctions at every turn, but China is not afraid of the U.S. threat because it is not a small country which is liable to collapse under pressure. If the Clinton administration really wants to stabilize Sino-

U.S. relations in the election year and avoid unnecessary political trouble, there is no need for the United States to look for a possible outcome in which neither side will gain. In this sense, the U.S. threat of trade sanctions against China may eventually be smoke without fire.

PRC: CD Manufacturers Punished for Copyright Violations

OW1106095696 Beijing XINHUA Domestic Service in Chinese 0447 GMT 11 Jun 96

[FBIS Translated Text] Beijing, 11 Jun (XINHUA) — According to sources at the State Copyright Bureau, the Chaoyang Jinfa CD Technology Limited Company and the Zhongshan Yisheng CD Production Limited Company in Guangdong have violated regulations governing audio-video product and copyright management by reproducing pirated products and pornographic and indecent publications. As the circumstances are particularly serious and the impact is very bad, the Press and Publication Administration and the State Copyright Bureau recently decided to revoke the reproduction business licenses of the two units, confiscate and destroy their pirated products, and impose a fine of 200,000 yuan on each of them.

The Guangxi Guilin Jindie Technology Limited Company has introduced two CD production lines without the permission of the Press and Publication Administration and is suspected of having reproduced pirated products. In accordance with Article 34 of the Regulations Governing Management of Audio-Video Products and the Urgent Circular on Strengthening Management of CD's and LD's, issued by the CPC Central Committee Propaganda Department and six other departments, the Press and Publication Administration has decided to stop the duplication business operations of this company.

A responsible person at the Press and Publication Administration and the State Copyright Bureau said the above decisions once again show the Chinese Government's firm stand on protecting intellectual property rights and fighting copyright piracy.

He said: China has promulgated a number of laws and regulations basically to legalize and standardize the CD duplication business. Our main purpose is to provide a good environment for law-abiding business owners and to punish law violators severely. Since the second half of last year, the licenses of seven CD reproduction companies have been revoked on grounds of copyright violation, piracy, and other illegal activities. He expressed the hope that relevant units and companies will further understand the close relationship between their work and the national interest of protecting intellectual prop-

erty rights, enriching science, technology, and culture, and promoting the long-term stability of society; strictly abide by state laws and regulations; safeguard the normal order in the production of audio-video products; and respect, discipline, and strengthen themselves so as to promote the healthy and orderly development of the audio-video industry.

PRC: Beijing, Washington To Fund Phthalic Acid Plant in Zhuhai

OW0806115396 Beijing ZHONGGUO XINWEN SHE in English 0632 GMT 8 Jun 96

[FBIS Transcribed Text] June 8 (CNS) — A Sino-U.S. funded phthalic acid plant in Zhuhai has entered a final stage of feasibility study.

This project is important for China's chemical industry. Upon completion, exports say, domestic supply for phthalic acid can be much improved. It can also in turn bring along the development of polyester, chemical fibre and textile industrial projects. [Words indistinct] U.S. partner of this joint venture is Amoco Group, one of the top ten business firms in the U.S. The Chinese party includes Fuhua Group in Zhuhai and China National Chemical Fibre Corporation. The U.S. party holds 85 per cent of stake.

The plant is located within Zhuhai's deepwater port area. The first stage investment will be US\$300 million. Construction may begin in the first half of 1997 and be completed by 1999. Upon completion of the first stage of the project, the plant will produce 250,000 tonnes of phthalic acid annually with sales being valued at RMB [renminbi] 3 billion.

A representative of Amoco said that this project is the first step of Amoco's investment in Zhuhai. Amoco intends to increase investment to bring the plant's production capacity to over 1 million tonnes of phthalic acid annually.

PRC: Price of Imported Cars Reduced

OW0806120096 Beijing ZHONGGUO XINWEN SHE in English 0633 GMT 8 Jun 96

[FBIS Transcribed Text] June 8 (CNS) — Representatives from some 100 auto sales outlets nationwide attended a meeting held in Wuhan on the marketing of imported cars. They came to a decision that prices would be sharply cut for a stock of some 1,700 US made automobiles. Each of these cars will have its price reduced by 20,000 yuan on average.

China imported a number of sedans each year as a supplement to the market for domestically made sedans. Statistics revealed that as of last year the China Trade

Centre for Imported Cars brought in some 20,000 cars including 14,447 US made automobiles. So far some 1,700 cars have not been sold.

As domestically made sedans are going to dominate the car market and a price slash was made for some domestically produced sedans early this year, imported automobiles therefore experienced poor sales as a result. In order to promote the sale of this stock of imported cars, the ministries of Communications and Finance, with the approval of the State Council, decided to extend to December 31 this year the preferential policy relating to the imposition of a special fee on purchasers of imported cars.

PRC: Large Nuclear Generator Built for Export to Pakistan

OW0506012896 Beijing XINHUA in English
0018 GMT 5 Jun 96

[FBIS Transcribed Text] Shanghai, June 5 (XINHUA) — China's largest nuclear power equipment for export, a 310 MW turbogenerator with inner water-cooled stator and rotor, has been built in Shanghai.

The equipment was made by Shanghai Electrical Machinery Plant under the Shanghai Electric Equipment Group, and has been examined and accepted. It will be exported to Pakistan.

The Shanghai Electric Equipment Group is the country's largest and most competitive manufacturer of equipment for power stations.

Some of its products have been exported to Thailand, Indonesia, Vietnam and other countries in Southeast Asia.

Agriculture

PRC: Jiang Zemin Calls For Greater Effort in Agriculture

OW0606161596 Beijing XINHUA in English
1448 GMT 6 Jun 96

[FBIS Transcribed Text] Zhengzhou, June 6 (XINHUA) — The issue of feeding China's 1.2 billion population must rely on the country itself and this issue can be resolved self-reliantly, President Jiang Zemin said during his recent inspection tour to Central China's Henan Province.

Jiang, also general secretary of the Communist Party of China (CPC) Central Committee and chairman of the Central Military Commission, said efforts for agriculture, particularly grain production, cannot be slackened but be grasped in the whole process of modernization and any period of economic growth.

Accompanied by senior central government and provincial officials from Henan, Jiang toured the northern Henan from the June 1-5 as China's major bread basket awaits a good harvest of summer crops.

He trekked villages, farmers' homes, collective-run and township enterprises, and listened to opinions from rural officials, party members and model workers.

During his Henan tour, the president reiterated the importance of agriculture in the entire economic work to help maintain the country's prosperity and sustainable social development.

"It also concerns the strategic issue as to whether China can maintain and strengthen its independence in international competition," he said.

China is in the process of rapid industrialization and during a period of transformation in economic structure. Jiang noted that it is easy for agriculture to be put in an unfavorable position in a market competition, if the country fails to attach importance to, or ensure agricultural development.

Jiang urged major agriculture provinces, like Henan, to integrate farm production with processing, transportation, marketing and comprehensive utilization of farm produce in a bid to boost the comprehensive economic returns of agriculture.

"With the development of agriculture industrialization, farmers can increase their income levels, there will be also a larger rural market, offering vast room for the development of other related sectors," he said.

China must also push ahead with two fundamental shifts in economic structure, from the traditional planned economy to market economy, and in economic growth mode from being extensive to intensive in agriculture, Jiang said.

China's economic reforms were initiated in its rural areas. Though the country has scored world acknowledged achievements in rural reforms, "we can never say that we have accomplished everything," he said, adding that China needs further reforms in agricultural administration structures, rural market systems, and support and protection by the state government for agriculture.

After emphasizing the current policy of contract responsibility systems with remuneration linked to output, Jiang also stressed the importance of further reforming the circulation structures of farm produce and production materials for agriculture use.

He also called for greater efforts to develop a socialized service system in agriculture.

China is relatively scarce in natural agricultural resources and its demand for farm products is increasing along with the growth of population, he said. "It is unrealistic to increase new resources, especially input to natural resources on a large scale," he said.

The only way out is to optimize the use of current resources, increase the content of science and technology in agriculture and improve the quality of farmers.

During his inspection tour, Jiang also urged local officials to protect arable land and water resources. He addressed the topics of the progress of ideology and culture, establishment of a democratic legal system and grassroots organizations in rural areas, as well as the crackdown on crimes which has been beefed up on a nationwide scale since the beginning of last month.

PRC: No Relief Expected in North China Drought
HK0306071796 Beijing CHINA DAILY in English
1 Jun 96 p 2

[By Liang Chao: "N. China Drought To Blaze On"]

[PTS Transcribed Text for FBIS] Severe drought continues to blister North China with no relief in sight, threatening water supplies, 7 million hectares of crops and 2.1 million hectares of farm land, according to a report released yesterday.

This month, drought has swept most of North China, and Shandong and Henan provinces between the Yellow and Huaihe river valleys.

Less than 15 millimetres of rain has fallen over the last few weeks, said the report by the Beijing-based State Drought Prevention and Flood-Control Headquarters.

More than 11 million people in Shanxi, Hebei, Henan and Shandong provinces, and the Beijing and Tianjin areas, face drinking water shortages, along with over 16 million head of their livestock, officials said.

A record 357,000 square kilometres of grassland in the midwest pastoral area of the Inner Mongolia Autonomous Region are useless, posing an additional threat to herds there.

Most ominous of all, the Yellow River, the second longest in China, has dried up five times in different sections on its lower reaches in Shandong Province.

The water supply situation in Shandong's Dongying, Binzhou and Liaocheng is likely to worsen, officials warned, adding that the central and local government have taken some emergency measures to divert water from the middle reaches of the river to these areas.

No precipitation has fallen in many areas in the region's midwest since this spring, and consequently, dry topsoil

has thinned from 20 to 40 centimetres, making it impossible to seed more than 533,000 hectares of farm land.

The situation is similar in Datong and Suozhou, both in Shanxi Province, where the topsoil is 15 centimetres deep.

In Hebei, some 700,000 hectares of farm land, or one-fifth of the total area to be seeded this spring, cannot be used because of the lack of rainfall.

In parts of Northeastern China's Heilongjiang and Jilin provinces, more than 360,000 hectares of paddy fields have been left unused due to shortages of irrigation water, as most of the small local rivers have dried up.

PRC: Experts Show Cautious Optimism on Grain Production

OW0606145196 Beijing XINHUA in English
1431 GMT 6 Jun 96

[FBIS Transcribed Text] Beijing, June 6 (XINHUA) — Agricultural experts have expressed cautious optimism on China's grain production capacity in the next few years.

They have agreed that China can be basically self-sufficient in grain supplies, and will import only to make up varieties and crop failures.

"China can feed itself, but it must do hard work," experts attending the Beijing conference at the Chinese Academy of Sciences and Chinese Academy of Engineering noted.

Lu Liangshu, Vice-President of the Chinese Academy of Engineering, said that China's grain production faces three problems: the ever increasing population, the decreasing area of arable land, and the rising level of consumption.

He suggested that while stabilizing grain production, the country should pay more attention to the production of non-staple foods, such as meat, eggs, milk, fruit and vegetables, thus easing the direct consumption of grain.

According to his analysis the per capita consumption of grain will drop to 213 kilograms by the year 2000, 40 kilograms lower than in 1986.

By then China's total consumption of grain will be at the same level of the year 1993.

Academician Li Zhensheng said that China's agricultural production still has great potential. But he admitted that the potential will become a reality only under good policies, sufficient financial and technological inputs.

He emphasized that the comprehensive development of agriculture should receive more attention, noting that in the past ten years, grain output increased by not more than one tenth, while the output of chemical fertilizers doubled in the country.

Academician Shi Yuanchun, from the China Agriculture University, said advanced technologies are the key to grain production in the coming few years, especially under the circumstance of limited land and water resources.

China now has arable land of 96 million hectares and 6.6 million hectares cultivatable in near future, that means, the per capita occupation of arable land in the country is no more than 0.1 hectare.

PRC: Jiang Chunyun on Mechanization of Rice Production

*HK0406055996 Beijing NONGMIN RIBAO
in Chinese 22 May 96 p 1*

[By reporter Li Yongsheng (2621 3057 3932): "At a Forum on Mechanization of Rice Production, Jiang Chunyun Stresses the Need To Concentrate Efforts on Mechanization of Rice Production"]

[PTS Translated Text for FBIS] At a "forum on the mechanization of rice production" on 21 May, Jiang Chunyun, member of the Political Bureau of the CPC Central Committee, secretary of the Secretariat, and vice premier of the State Council, stressed that the mechanization of the whole process of rice production, from raising rice seedlings, planting, applying fertilizer to harvesting, is a revolution in the technology of rice production, in which we must be determined to concentrate our efforts on painstakingly organizing people to do a good job.

In the afternoon on 20 May, Vice Premier Jiang Chunyun saw a video on a live demonstration of rice transplanting machines given by the Ministry of Agriculture in Lulangzhuang Village of Haidian district, Beijing Municipality, and heard a report from Wu Yixia, deputy managing director of the Ministry of Agriculture, on the mechanization of rice production. After that, he noted that by vigorously popularizing the method of dry and sparse farming, the light cultivation technique, and the mechanization of rice production, China can substantially boost production, increase incomes, minimize costs, reduce peasants' manual work, raise work efficiency, cut short the rice transplanting period, resolve the problem of productive forces, and speed up the process of modernizing rice production. The accomplishment of this technological revolution can promote the elevation of China's rice production to a new height.

Jiang Chunyun pointed out that to popularize cultivation techniques and the mechanization of rice production, it is imperative to take measures suited to local conditions and to proceed from actual conditions. As all localities in China differ greatly in natural conditions, production habits and technological levels, various rice production machines are required. We should choose machines and modes of cultivation suited to local conditions and should not impose uniformity in all cases. All machines have their own advantages and need to be perfected in a gradual manner through practice.

Jiang indicated: Rice production, from breeding and processing, raising rice seedlings, spreading seedlings [2141 4441 pao yang] (transplanting and arranging rice seedlings [bai yang 2369 4441]) applying fertilizer to harvesting and threshing, should be mechanized in a gradual manner, and greater efforts should be made to perfect its supporting facilities.

On the question of the mechanization structure of rice production, Jiang Chunyun said: In localities which have large sown areas, agricultural and agrotechnical services departments should run well service entities and improve the professional services of rice production machines. Grass-roots stations for the popularization of agricultural machinery (technology) should increase the content of services and do a good job in experimentation and demonstrations.

Jiang Chunyun called for the need to enhance the technical training of both personnel in charge of popularizing agrotechnology and peasants, raise their quality, better extend the application of cultivation techniques and the mechanization of rice production, and accelerate the transformation of scientific and technological results.

Jiang finally stressed that party committees, governments, and relevant departments at all levels should strengthen their leadership to popularize cultivation techniques and the mechanization of rice production, pay special attention to rural economic work as a major issue, and painstakingly organize and guide people. In particular, relevant departments in areas where rice production is concentrated should formulate a plan to popularize cultivation techniques and the mechanization of rice production, make a success of demonstrations in selected areas, extend them in a gradual manner, and promote the development of rice production.

Attending the "Forum on the Mechanization of Rice Production" were Liu Jimin, deputy secretary general of the State Council, and leading cadres, experts, and professors from units, including the Agricultural Machinery Department and the Department of Science and Technology of the Ministry of Agriculture, the Nanjing Institute of Agricultural Mechanization, the Chinese Agricultural University, Beijing Institute of Agricultural Technology, and the Heilongjiang Provincial Institute of Mechanization of Paddy Fields.

East Region

PRC: Anhui Higher Court Reports Rulings on Major Criminal Cases

OW1006004296 Hefei ANHUI RIBAO in Chinese
30 May 96 p 1

[By staff reporter Liu Yaquin (0491 0068 5028)]

[FBIS Translated Text] The provincial higher people's court held a news conference a few days ago to report on the recent hearings and sentencings of major criminal cases in our province.

During the "serious crackdown" struggle, the provincial higher people's court has resolutely meted out severe punishment to vicious violence, joint offenses, and crimes committed by ex-convicts. At 1300 on 27 January, Xu Tao and Zhu Benquan, two men in Bengbu City with iron hammers and multi-purpose folding-knives, broke into the No. 2 branch of the Bank of Construction on Chaoyang Road in the city to take away 20,500 yuan, during which an on-duty staff member was killed and another one seriously hurt (Zhu Benquan is at large). On 10 April, Wang Liwei and Liu Defeng, two men in Jieshou City, using gasoline and a padlock as weapons, sneaked into the victim Xiao Feng's house, locked it with the padlock, and poured gasoline into the house and ignited it before running away. Consequently, Xiao Feng, his wife, and their three children were all burnt to death. Wang Qiuyang and Qi Baocheng, ex-convicts released after serving their prison terms, showed no repentance but rather frequently led their respective gangs to attack innocent people with shotguns and bayonets. Wang Qiuyang shot a man and seriously wounded another one with a shotgun, while Qi Baocheng seriously wounded three men and another sustained a slight injury with a shotgun and a kitchen knife and also played a part in five cases of theft and one robbery case. The first-trial courts passed death sentences according to the law on the abovementioned defendants Xu Tao, Wang Liwei, Liu Defeng, Wang Qiuyang, and Qi Baocheng and deprived them of their political rights for life. Following the sentencings, Xu Tao and the four others refused to accept the rulings and lodged appeals to the provincial higher people's court. After hearings, the court considered that as Xu Tao and the four others had committed serious crimes in defiance of the national law with grave consequences and great harm to society, they should be severely punished according to law. Therefore, the court rejected their appeals, stuck to the original rulings, and ratified the first-trial courts' judgment according to law on sentencing Xu Tao and the four others to death with their political rights forfeited for life.

Han Yunping, president of the provincial higher people's court, said at the news conference: From early April, when the "serious crackdown" struggle began, to 20 May, the provincial higher people's court swiftly and seriously tried 94 major criminal cases, passed judgment on 213 criminals of all kinds, including 114 who were given life or heavier sentences, and ratified the death sentences on a number of serious criminals and carried out the executions according to law.

PRC: Fujian Governor Emphasizes Protection of Arable Land

OW1006102196 Beijing ZHONGGUO XINWEN SHE
in English 1002 GMT 10 Jun 96

[FBIS Transcribed Text] June 10 (CNS) — At today's working conference on land administration, Chen Mingyi, Governor of Fujian Province, said that Fujian should protect farmland of at least 1 million hectares by every possible means.

Mr. Chen said that over the past ten years, Fujian has protected arable land by strengthening land administration. At present, protected farmland has reached 103.1 million hectares; protected vegetable plots have amounted to 10666.7 hectares. Besides, Fujian has also developed 20733.3 hectares of arable land.

Mr. Chen said that the protection of arable land in Fujian is a tough job. According to him, in the "Eighth Five-Year Plan" (1991-1995), arable land in Fujian decreased from 1.237 million hectares to 1.203 million hectares; the net decrease was 34,000 hectares. During the same period, population increased by 1.6426 million.

Mr. Chen said that the protection of 1 million hectares of farmland has been carried out in line with legislation of the provincial People's Congress; any local departments should not adjust such policy or occupy arable land at will. Occupation of arable land for construction should be strictly controlled. Officials who illegally approve occupation of arable land must be disciplined and prosecuted.

PRC: Sentences Announced, 14 Executed at Jinan Rally

OW0806005296 Beijing ZHONGGUO XINWEN SHE
in English 2317 GMT 7 Jun 96

[FBIS Transcribed Text] June 7 (CNS)— A mass public rally was held in Jinan, capital of Shandong Province, this morning for publicly announcing the arrest of 48 offenders and penalties passed on 26 criminals.

These criminals involved in crimes of intentional murders, mayhem, robberies and thefts. 26 criminals re-

ceived sentences of death, suspended death and various terms of imprisonment up to life.

Five other offenders received lenient treatment for their surrender to the police, taking the initiative to confess their crimes, informing against their partners and handing over loot. They were exempt from prosecution and released on the spot.

After the rally, 14 criminals were immediately sent to the execution ground to be executed.

PRC: Shanghai Mayor Speaks About Economic Targets at Meeting

OW1006145196 Beijing ZHONGGUO XINWEN SHE
in English 1435 GMT 10 Jun 96

[FBIS Transcribed Text] June 10 (CNS) — During the first half of this year Shanghai has to fulfill 50 per cent of its economic target set for the whole year, Mayor Xu Kuangdi stressed at a meeting on the municipal government work.

According to the goal set early this year for the municipality's economic development, a rise in Shanghai's gross domestic product (GDP) this year should be ranged between ten to 12 per cent.

Statistics released by department concerned revealed that the municipality's GDP reached RMB 13.78 billion in the first five months of this year, 11.6 per cent up over the same period last year and 1.5 percentage points higher than the national average.

Mr. Xu pointed out that Shanghai's economy was proceeding steadily, creating conditions to realize half of the economic target in the first half of the year. However, the municipality is still undergoing difficulties in achieving sustained development of its economy.

The mayor suggested that economic work be centred on several points during the second half of the year. The leadership has to make on-the-spot research and survey so as to promote further development of the industry. The enterprise reform has to go intensively. Progress has to be made in major projects undertaken in the municipality and preparations be made for new projects. Priority is still given to Pudong New Zone for further development. Great efforts have to be carried out in ensuring re-employment for workers who have been made redundant. Sound preparations have to be made in advance to prevent possible natural disasters including flood, drought and typhoon so as to maintain social stability.

Southwest Region

**PRC: GUIZHOU RIBAO Editorial Views
Importance of Crime Crackdown**

OW0606231296 Guiyang GUIZHOU RIBAO
in Chinese 30 Apr 96 p 1

["Editorial": "Scoring a Resounding Victory, Achieving Practical Results"]

[FBIS Translated Text] A mammoth "serious crackdown" struggle is unfolding in the Divine Land with overwhelming force. This struggle is a major measure taken in accordance with the party Central Committee's arrangements for preserving political and social stability and guaranteeing the smooth reform and opening up and economic development. Efforts have been made all over our province under the unified leadership of the provincial party committee and the provincial government to meticulously organize and arrange for the "crackdown" struggle so as to score a resounding victory and achieve practical results with great momentum.

We must fully understand the special significance of the "crackdown" struggle. Recently, with the hard work of the whole province, a situation characterized by social stability, economic development, and ethnic unity has emerged in our province. However, due to the impact of a number of factors, social order problems are still very outstanding in some localities; and all sorts of criminal and lawbreaking offenses are still serious. The masses and people of all walks of life have strong grievances against certain outstanding lawbreaking and criminal problems. If strong measures are not taken promptly, these problems will definitely make a serious impact on economic development and social stability, on the living and work of the masses, and on the image of the party, the government, and the political-legal organs.

A stable environment of public order is needed for economic construction and reform and opening up. Preserving social stability is a major political task. While doing economic work, all levels of party and government leaders, comrades with key responsibilities in particular, cannot, in the slightest degree, slack up their efforts in the work of public order, neither can they stress economic returns at the expense of political and social benefits. We should seriously handle the relationship between the preservation of stability and economic work by fostering the idea that preserving stability is equivalent to stressing politics. At present, we must devote our energies to resolutely and conscientiously implementing the party Central Committee's overall arrangements for the "crackdown" struggle; to leading the masses with practical actions to bring the party Central Committee's correct policies into effect; to organize and direct well

the "crackdown" struggle; and to take concrete actions to motivate the people, to guarantee funding, and to implement measures for the work.

The "crackdown" struggle is a total warfare concerning social order. All levels of political-legal departments that shoulder extremely important responsibilities must work closely with each other in combat operations so as to form a strong force in the "crackdown"; organs, factories and mines, schools, neighborhood offices, and rural party organizations must vigorously coordinate with and extend support to the departments concerned in every respect, so as to create a strong momentum of preserving social order by the whole society; press departments should give wide publicity to advanced figures and their deeds in gallantly rising to the occasion and vigorously struggling with criminals and encourage the masses to inform against criminals, so that lawbreakers and criminals will become a rat crossing the street chased by all.

The fighting is on and the people are glad about it. The whole province should be of one heart and one mind to resolutely launch the struggle, to mete out severe punishment to all of the criminals, and to score a complete victory in the "crackdown" struggle!

PRC: Raidi Addresses Closing of People's Congress
OW1006125996 Lhasa XIZANG RIBAO in Chinese
 25 May 96 p 1, 3

["Speech by Raidi, executive deputy secretary of the autonomous regional party committee and chairman of the autonomous regional People's Congress Standing Committee, at the closing ceremony of the Fourth Session of the Sixth Tibet Autonomous Regional People's Congress on 24 May 1996"]

[FBIS Translated Text] With the common efforts of all deputies, the Fourth Session of the Sixth Autonomous Regional People's Congress has successfully accomplished its tasks. The session examined and adopted the Tibet Autonomous Region's Outline of the Ninth Five-Year Plan for Economic and Social Development and the Long-Range Objectives Through the Year 2010 and Chairman Gyaincain Norbu's report on the Outline. Before this session was held, Comrade Chen Kuiyuan, secretary of the autonomous regional party committee, made an important speech at a meeting for party members who were to attend the regional people's congress session and the session of the regional committee of the People's Political Consultative Conference [CPPCC], thus laying an ideological foundation for the smooth progress of the regional people's congress session. During the session, the deputies displayed the spirit of being responsible to the country and the people, consci-

entiously carried out their functions entrusted by the constitution and the law, exchanged views freely, offered advice, and discussed ways to invigorate Tibet. In line with the reality in their areas and departments, the deputies put forward many constructive opinions and suggestions. The decisions and resolutions adopted by this session fully reflect the will and fundamental interests of the people of all ethnic groups in the region. This session is very important because it is being held at an important juncture between the end of the Eighth Five-Year Plan and the beginning of the Ninth Five-Year Plan. It is a session to promote democracy and unity and to seek truth, a session to draw up Tibet's cross-century grand blueprint, and a session to mobilize the people of all ethnic groups in the region to pluck up spirit, accelerate Tibet's economic development, safeguard its long-term social stability, and promote social progress.

The Tibet Autonomous Region's Outline of the Ninth Five-Year Plan and the Long-Range Objectives Through the Year 2010 examined and adopted by this session is a medium- and long-term plan for our region formulated under the condition of a socialist market economy; it is a product of democracy and science; it is an embodiment of the will and wisdom of the people of all ethnic groups in the region and the objectives of economic and social development for Tibet in the next 15 years, and is of great significance in providing impetus for the region to carry out the great cause of building socialism with Chinese characteristics.

Now that the policy has been set, the historic opportunity has come; the condition for accelerating development has presented itself. So long as the people of all circles and all nationalities unite as one, work hard, pluck up spirit, adopt a scientific approach, and make concerted efforts to accomplish the tasks set in the Outline, the grand blueprints depicted in the Outline will certainly be realized in Tibet.

To fulfill the Outline, we must further implement the guidelines of the third forum on work in Tibet in an all-round way, persist in taking the road of building socialism with Chinese characteristics initiated by Comrade Deng Xiaoping, adhere to the Marxist line of doing things by proceeding from reality, adhere to the guiding principles — "one center, two important things, three guarantees" — for work in Tibet, and persistently make economic construction the central task. To establish a socialist market economic system, accelerate Tibet's economic development, and promote long-term political stability, national unity, and all-round social progress in Tibet, the whole party and the people should work hard with one heart and one mind.

To fulfill the Outline, we must further emancipate our mind and replace old concepts. In his speeches he made during his southern China trip in 1992, Comrade Deng Xiaoping pointed out: "We should further emancipate our minds and become a bit bolder." This is still a practical ideological problem facing us now. Leaders at all levels should work a bit harder in taking the lead in emancipating their minds and replacing old concepts; break the shackles of traditional concepts which hamper reform and opening up to the outside world, hamper efforts to accelerate development, and hamper social progress; firmly believe that "development is the last word"; make the principle of "conducive to three causes" — conducive to developing the productive forces of our socialist society, increasing the overall strength of our socialist country, improving the people's living standards — the norms guiding our action; effectively overcome the idea of waiting for assistance, relying on assistance, and asking for assistance; pluck up spirit, work hard, and continue to adhere to the spirit of self-reliance and hard work; think in compliance with the guidelines of the third forum on work in Tibet, with the guidelines of the autonomous regions' fifth party congress and with the grand objectives set in the Outline; and concentrate on accelerating development and maintaining stability.

To fulfill the Outline, we must work hard to effect the "two fundamental shifts." Bringing about the "two fundamental shifts" means a fundamental shift of the economic structure and the mode of economic growth, but it also means taking a critical step in shifting from a traditional economy to a modern economy and a complete shift in our way of thinking regarding economic development. This requires thorough understanding and conscious action. We must start from these "two fundamental shifts" in both our macroeconomic activities and microeconomic activities. If we neglect this point, it will be impossible to fulfill the tasks set out in the Outline.

To fulfill the Outline, we must deepen the struggle against splittism and safeguard political stability and social tranquility. Development is our objective, but stability is the prerequisite. No one can carry out construction during an earthquake. To fulfill the Outline, we must have a stable social environment. Our practice in waging the struggle against splittism over the years tells us: Disturbances and sabotage carried out by the separatist forces inside and outside Tibet headed by the Dalai clique are the major cause of instability in our region. Therefore, the people of all ethnic groups and circles in the region must understand that our struggle with the Dalai clique is a long-term, acute, complex, life-and-death, uncompromising, and serious political

struggle. We must take a clear-cut and firm stand and carry this struggle through to the end. In this struggle, we should follow the principle — "striking a snake, one should strike its head first." We must relentlessly expose and criticize the Dalai, who is the head of the separatist political clique plotting Tibet's independence and the faithful tool of international anti-China forces, who is the source of social turmoil in Tibet, and who is the greatest obstacle that hampers Tibetan Buddhism from establishing a normal order. We must thoroughly expose his reactionary essence in engaging in activities of splitting the motherland under the cover of religion, resolutely oppose and resist words and deeds that attempt to split the motherland and undermine national unity, crack down on separatist activities, eradicate breeding grounds for separatist forces, and purify our ranks and environment. We must safeguard social stability and national unity in our region just as we cherish our own eyes. We must treasure our hard-won happy and tranquil living conditions and create a good environment for fulfilling the Outline.

To fulfill the Outline, we must develop socialist democracy and improve the legal system. Developing socialist democracy and improving the legal system and administering Tibet according to law constitute objective requirements for promoting economic development and long-term social stability in Tibet and are also sure guarantees for fulfilling the Outline. We should make the improvement of socialist democracy and the legal system an important part of our endeavor to strengthen political building and improve our standard of managing the society and the economy. We should further strengthen local legislation. In particular, in line with the actual conditions in our region, we should draw up laws and regulations conducive to establishing a socialist market economy and bringing about the "two fundamental shifts" to standardize our economic activities, safeguard the economic order, and promote economic development. At the same time, we must strengthen the supervision of law enforcement and work towards the point where the law is obeyed, enforcement is strict, and lawbreakers are prosecuted. People's congresses and their standing committees should give priority to ensuring that laws and regulations are effectively implemented, intensify work, and strive to increase work efficiency. People's congress standing committees at all levels should make the evaluation and supervision of governments and the courts and procuratorates their regular task, sum up their work experiences, and popularize them so as to promote the work of governments, courts, and procuratorates. We should launch activities to popularize laws to enhance the people's awareness and concept of laws so as to provide a legal guarantee for fulfilling the Outline.

To fulfill the Outline, we must give full play to the initiative of the people. Fulfilling the Outline is a cross-century grand project. We are faced with a glorious but arduous task. Therefore, it is necessary to bring the strength and initiative of all sectors of society into play, pool the wisdom and efforts of the masses, and work hard together. Our strength comes from the masses. The masses have unlimited creativity and productive power. Only by giving full play to the masses' initiative and creativity can we advance our modernization cause. State organs and their functionaries must put the interests of the people in first place, foster and carry forward the "old Tibetan spirit," learn from Comrade Kong Fansen, and serve the people wholeheartedly. They should go deep into reality to see how things really are, rely closely on the masses, show concern for their problems, and listen to their suggestions and requirements. They should educate the masses, unite them, and guide them to work for our common cause.

Deputies, the last five years of this century will be a critical period in our march toward the 21st century. This year is the first year of the implementation of the Ninth Five-Year Plan. It is very important to make a good start. I hope the deputies, after returning to their respective work posts, will immediately publicize and implement the guidelines of this session, whip up an upsurge of studying and implementing the Outline throughout the autonomous region, pay attention to implementation, work in a down-to-earth way, and strive to achieve good results. The speech made by Comrade Chen Kuiyuan at a meeting for party members attending the sessions of the regional people's congress and the regional CP-PCC committee serves as a major guideline for the two sessions. It is very important in providing us with guidance in clarifying the boundary between right and wrong regarding a series of major issues of principle and in heightening our ideological understanding. We should make this speech an important part of the guidelines of this session and conscientiously publicize it and implement it.

In conclusion, let us closely rally around the party Central Committee with Comrade Jiang Zemin as the core and carry a civilized, prosperous, and modern new Tibet into the 21st century.

As the session is about to conclude, on behalf of the presidium of this session, I extend heartfelt thanks to the personnel from various sectors who have worked industriously to ensure the smooth progress of this session.

Now, I declare the conclusion of the Fourth Session of the Tibet Autonomous Region's Sixth People's Congress.

PRC: XIZANG RIBAO on Importance of Ensuring Social Stability

OW1006010496 Lhasa XIZANG RIBAO in Chinese
22 May 96 p 1

[By staff reporter Bai Maqiao (4101 3854 0829): "Ensuring Stability is the Precondition — Comments on Creating a Fine Social and Political Environment for Fulfillment of the Grand Targets"]

[FBIS Translated Text] We are facing a new blueprint, a new task, a new century, and a new world. The coming 15 years are an important period for Tibet to continue its reform, opening up, and socialist modernization. Creating a fine social environment is the common wish of the people of all nationalities throughout the region and is also a basic guarantee for Tibet to fulfill the Ninth Five-Year Plan on National Economic and Social Development and the Long-Term Program for 2010. Stability is the precondition for development and reform. Without stability, there can be nothing else.

In our region, the first task in ensuring a stable situation and creating a fine social environment is to profoundly wage a battle against separation. "Separation leads to disaster, unification leads to prosperity." "The sky over Tibet belongs to the CPC-led people, and the sky over Tibet will never change." "In Tibet's construction and life, opposing separation with a clear-cut stand, safeguarding the motherland's unification, and maintaining long-term social stability is still the biggest deal in politics." People's Congress deputies and members of the Chinese People's Political Consultative Conference [CPPCC] turned their hopes into appeals expressing the people's wishes resounding in the conference hall. These constituted the main theme of this year's People's Congress and CPPCC sessions. A People's Congress deputy named Zhukang Tudengkezhu and a CPPCC member named Cui Jiguo said that the separatists headed by the Dalai Lama are the root cause of riots in Tibet. The Tibetan people have lived in the big family of the Chinese nation for more than 700 years. Since Tibet was included in Chinese territory in the 13th century, it has experienced the Yuan Dynasty, the Ming Dynasty, the Qing Dynasty, the Republic of China, and the People's Republic of China. One dynasty replaced another and earth-shaking changes have taken place in the international and domestic situation, but the historic fact of Tibet being an inseparable sacred part of the People's Republic of China has never changed. Iron-clad facts suggest: Unification created by history brooks

no separation; there are no international conditions for separation; no country in the world recognize "Tibet independence"; there are no domestic conditions, either, for separation; in China, politics remains stable, nationalities are united, the economy is developing, comprehensive national strength is improving, and the people live and work in peace and contentment. Living in the big family of the socialist motherland under the CPC's leadership has been the choice of the entire Tibetan people.

The essence of the struggle between ourselves and the Dalai clique is whether to safeguard the motherland's unification and oppose separation, instead of whether to have a religious belief or exercise autonomy. The Ninth Five-Year Plan and the Long-Term Program for 2010 are grand development blueprints. Our cause is a great cause aimed at freeing Tibet from poverty and backwardness so that it will move toward prosperity. The Dalai separatist clique is most unwilling to see the materialization of prosperity and nationality solidarity in Tibet; they will try all means to carry out sabotage and separatist activities. We must remain sober and take powerful measures to resolutely crush the Dalai clique's conspiracy to ensure a stable situation and social tranquility in Tibet and the sustained, rapid, and healthy development of Tibet's modernization. A People's Congress deputy named Yang Xiaodu said that Chairman Gyalcan Norbu's report is quite encouraging. To fulfill this great target, there is much we must do.

First we must carry out a clear-cut, resolute, and thorough struggle against all forms of separatist activities; we must, in view of the current situation, solidly proceed with the work of maintaining stability; and we must create a fine social environment and political atmosphere. Ping Wang, a CPPCC member from Xigaze, said that stability is the overall interest of the state and the people, is a necessary condition and important guarantee for our socialist modernization, and is also the main issue in CPPCC work. Safeguarding unification is Tibet's biggest politics. Strengthening nationality solidarity is the political basis of Tibet's united front work and CPPCC. The Xigaze CPPCC Committee has always regarded opposing separation as an important task in CPPCC work, thus positively contributing to safeguarding the social situation in the prefecture and the entire Tibetan Region.

Particularly during the struggle against separation on the question of reincarnating the Panchen, we have proceeded with all kinds of work to provide a policy basis for the party and the government to gain the initiative in the struggle, thus making a positive contribution to maintaining a stable political situation and to smoothly fulfilling the installation of the 11th Panchen, winning

high appraisals from the regional party committee and people in all circles in society. We should also soberly understand that although our struggle against the Dalai clique on the question of reincarnating the Panchen has yielded a major victory, the struggle between separation and opposing separation will continue to exist for long, and the Dalai clique will not take its defeat lying down. It will try every possible means to step up its separatist activities. We must never take this lightly or relax our fighting will. As long as the Dalai clique does not give up its activities to separate the motherland, our struggle against separation will not stop even for a single day.

Our basic action code is carrying out a resolute struggle against words and deeds that violate state law, harm the people's interests, create separation between nationalities, and undermine the motherland's unification. It is a fundamental test on everyone of us. Facing this major question of right and wrong, every communist party member and state cadre must properly resolve their political orientation, political stand, political viewpoints, political discipline, political judgments, and political sensitivity. As many People's Congress deputies and CPPCC members said, our leading cadres and communist party members must stress the importance of politics, remain firm in the struggle against separation, and always resolutely maintain a high degree of unanimity with the party Central Committee and the regional party committee. We must fully understand the nature of the Dalai clique and must fully understand that the Dalai Lama is the chief of the separatist political clique that attempts for Tibet independence, is a loyal tool of international anti-Chinese forces, is the root cause creating social unrest in Tibet, and is the biggest obstacle to the establishment of Tibetan Buddhism's normal order. Only when we explicitly understand these principled issues, can we carry out a resolute struggle against the Dalai clique, thoroughly smash the separatists' attempt to separate the motherland, and bring about long-term stability and tranquility in Tibet.

In light of the specific conditions in their localities, departments, and trades, People's Congress deputies and CPPCC members said with deep feeling that Tibet needs a stable situation and a fine social environment for its construction and development. Past practice has proved that when a region or department does well in maintaining a stable situation and opposing separation, it also does well in reform and opening up, its economy is prosperous, and the masses live and work in peace and contentment. The people of all nationalities in Tibet should draw historical lessons and make contributions to maintaining a stable situation in the region.

We have explicitly understood that opposing separation, safeguarding the motherland's unification, and strength-

ening nationality solidarity are matters of first importance in creating a fine social environment. In fulfilling the grand targets from the end of this century to the early period of the next century, there is a need to use the legal system to standardize our social conduct, to carry forward healthy practices, and to form a healthy mood in society. Thus we are required to firmly exercise comprehensive management over social order, to further improve our work concerning nationalities and religion, to strengthen the socialist democratic and legal systems, to strengthen the formation of socialist spiritual civilization and clean administration, and to profoundly carry out combat against corruption.

People's Congress deputies and CPPCC members attending the "two sessions" firmly believe that as long as all levels of organizations and the entire people adhere to the party's basic line, unify their ideas, cooperate with each other, and perform their work in a down-to-earth manner, our region will surely see a fine social environment and provide a more powerful guarantee for the fulfillment of the Ninth Five-Year Plan and the Long-Term Program for 2010.

PRC: XINHUA Reports 100 Killed in Yunnan Landslide

*OW1006142796 Beijing XINHUA in English
1414 GMT 10 Jun 96*

[FBIS Transcribed Text] Kunming, June 10 (XINHUA) — One hundred people have been killed, 77 injured and another 138 are reported missing following two major landslides in southwest China's Yunnan Province.

The landslides occurred on Laojinshan Mountain, the site of the Daping Gold Mine in Yuanyang county, on May 31 and June 3 following a non-stop torrential rain.

Heavy rains broke out again Sunday [9 June], and traffic was closed for 12 hours due to another smaller landslide that occurred June 8.

The Ministry of Civil Affairs and the provincial government are taking extra measures to keep losses to the minimum. More than 1,000 rescue workers are digging out the mine entrances in hopes of saving those reported missing.

Northwest Region

PRC: 'Illegal' Mosques, Religious Schools Dismantled in Tibet

*OW0906125896 Urumqi Xinjiang Television Network
in Mandarin 1330 GMT 7 Jun 96*

[Announcer-read report over video; from the "Xinjiang News" program]

[FBIS Translated Text] Various areas in Xinjiang have attained good results in cracking down on crimes. A number of criminals have been arrested.

Public security departments of the Xinjiang Production and Construction Corps have achieved marked results in the first phase of the crime crackdown struggle. A number of important and major criminal cases have been cracked; a number of criminal gangs and hooligans have been eradicated. This has won warm support from all sectors of society. The masses in various land reclamation zones have warmly acclaimed the success.

By 30 May, the Production and Construction Corps had cracked a number of criminal cases and arrested a number of criminals and confiscated a number of illegal firearms and ammunition and banned cutting tools and drugs. The Kuitun Reclamation Zone Public Security Bureau of the Public Security Department of the 7th Agricultural Division recently cracked a major robbery case in which robbers used firearms to commit crime with their faces covered. Criminals Hu Zhiyou, Bai Yanchang, Yang Wancheng, and Liu Jianhe were arrested. On 9 May, with their faces covered and carrying firearms, this criminal gang had tried to abduct workers and commit robbery at the 3d Battalion of the 124th Regiment. Their attempt failed, but on 18 May, they came to the Animal Husbandry Battalion of the 124th Regiment, abducted the guards of a warehouse, and took away more than 80 kg of wool, worth more than 25,000 yuan. After the robbery, the Public Security Department of the 7th Agricultural Division and the Public Security Bureau of the Kuitun Reclamation Zone did their best to crack the case. It took them one week to arrest the offenders. [video shows police officers and men attending a meeting and receiving awards and four arrested robbers being led away by police]

The crime crackdown struggle in Miquan County has yielded results. As of the end of May, several criminal cases had been cracked in the county, which included the major 129 robbery case in which the robbers committed the crime with faces covered. All the criminals have been arrested. A home-made pistol and 49 military bullets were confiscated. Besides, the county has uprooted a few major theft gangs; cracked several cases

involving murders, robberies, rape, and the crime of inflicting injuries to others; and confiscated stolen goods worth 217,000 yuan. [video shows police checking identification of a truck driver and two arrested criminals being led away by police]

During the crime crackdown struggle, the public security departments in Luntai County focused on cracking down on hooligans and national separatist activities. By setting up checkpoints in various parts of the county, they have arrested a number of criminals. The police have dismantled and closed down a number of illegal mosques and religious schools and confiscated a quantity of reactionary books and publications promoting national separation, as well as some illegal religious publicity materials. A number of illegal firearms, ammunition, and banned cutting tools and drugs have also been confiscated. [video shows police checking bus passengers at a checkpoint, two arrested criminals being led away, and some confiscated publications and audio tapes]

PRC: Gansu Governor Reports on Government Work

SK0606051196 Lanzhou GANSU RIBAO in Chinese
12 Feb 96 pp 1, 2

[Report by Gansu Governor Zhang Wule on Gansu's Ninth Five-Year Plan and Long-Term Target for the Year 2010 at the fourth session of the eighth Gansu Provincial People's Congress on 3 February]

[FBIS Translated Text] Fellow deputies:

In line with the Ninth Five-Year Plan and the grand blueprint for the year 2010 drawn up by the Party Central Committee, the third enlarged plenary session of the eighth provincial party committee put forward the suggestion on formulating Gansu's Ninth Five-Year Plan and long-term target for the year 2010. Based on this, the provincial government formulated the outline for the Ninth Five-Year Plan for Gansu Provincial economic and social development and the long-term target for the year 2010. On behalf of the provincial people's government, I now submit a report to this session for your examination and approval, and also for suggestions and comments from members of the provincial Chinese People's Political Consultative Conference [CPPCC] Committee and from people who attend this session as observers.

I. The Successful Accomplishment of the Eighth Five-Year Plan Has Laid a Good Foundation for Future Development

During the Eighth Five-Year Plan period, under the correct leadership of the Party Central Committee, the

State Council, and the provincial party committee, and through the arduous struggle of people of all nationalities across the province, significant achievement was made in Gansu's modernization drive. The province's reform was steadily promoted, economic growth was sustained, social stability was maintained, various undertakings developed in an all-round manner, people's living standard was steadily improved, and the backward situation was improved to some extent. This has laid a good foundation for the Ninth Five-Year Plan period and even future development.

Economic strength was further strengthened. During the Eighth Five-Year Plan period, Gansu's economy realized a fairly fast growth, and economic strength was enhanced considerably. The overall economic development in 1995 was: The GDP reached 55.2 billion yuan, increasing by 58.74 percent over 1990, or an average of 9.69 percent annually, and increasing by 9.86 percent over 1994. Industrial and agricultural output value totaled 93.54 billion yuan, increasing by 47.2 percent over 1990, or an average of 7.93 percent annually, and increasing by 4.6 percent over 1994. Financial revenues reached 6.855 billion yuan, increasing by 98 percent over 1990, or an average of 19.6 percent annually, and increasing by 10.9 percent over 1994. Except that the expected target for grain output was not realized due to serious natural calamities, the main economic targets for the Eighth Five-Year Plan were either attained one year ahead of schedule or overfulfilled.

The province's economic structure was continuously readjusted. During the Eighth Five-Year Plan period, Gansu's economic structure was readjusted considerably. The proportion of primary, secondary, and tertiary industries in the GNP was readjusted to 20.0 to 46.6 to 33.4 from 26.4 to 40.5 to 33.1 in 1990. In rural economy, the ratio of agricultural to non-agricultural sectors was readjusted to 46.2 to 53.8 from 60.7 to 39.3. The proportion of animal husbandry in total agricultural output value rose to 28.4 percent from 25.6 percent at the end of the Seventh Five-Year Plan period. The development of new products was significantly expedited, and the internal structure of industry and the structure of various economic sectors were readjusted at varying degrees.

The staying power for development was further strengthened. During the Eighth Five-Year Plan period, infrastructure and basic conditions for production were further improved. Large- and medium-sized water conservancy projects such as the second-phase project of the Jingtai Power Plant, the project of diverting water from Datong He to Qinwangchuan, and the Yanhuangding Huang He water diverting project were successively completed. Irrigated areas increased by

110,200 hectare and totaled 1.1084 million hectare; the "three kinds of farmland" increased by 306,700 hectare and totaled 20 million mu [1,333,300 hectare], so that the targets which were supposed to be attained by the end of this century were realized ahead of schedule. The following projects were completed and put into operation: Jiuquan Iron and Steel Company's No. 3 furnace, Jinchuan second-phase project, second-phase work of Longxi aluminum plant, expansion of the 500,000-tonne oil refining facilities of the Qingyang Chemical Industry Plant, float glass production line of Lanzhou plate glass works, and 330,000-volt transmission lines from Jinchang to Jiayuguan, and new generating units with an aggregate capacity of 553,400 kilowatts. This way, a large amount of production capability was increased. The construction of the double-track Lanzhou-Xinjiang Railway and the new line of Baoji-Zhongwei Railway was completed. The Nos. 312 and 109 roads, Lanlang road, and other main highways were renovated, Lanzhou-Zhongchuan and Beidao-Qincheng expressways were built, and highway transportation networks across the province were basically formed. Xian-Lanzhou-Urumqi and Beijing-Hohhot-Yinchuan-Lanzhou optic-fiber communication lines and Lanzhou key telecommunications project were completed and put into operation so that program-controlled telephones in prefectures and cities, digital telecommunications from the province to prefectures and cities, and telephone automation in counties, cities [shi 1579], and districts were realized. Parts of the environmental protection projects such as Lanzhou No. 2 Thermal Power Plant and coal gas project were put into operation. Urban and rural open markets, specialized markets, and markets of essential production factors developed considerably, various markets totaled 1,884, and the volume of business reached 17.95 billion yuan.

Greater progress was recorded in reform and opening up. During the Eighth Five-Year Plan period, in rural reform, on the basis of consolidating and improving a contracted household responsibility system with remuneration linked to output and a management system in rural areas whereby unified management is combined with separate management, we energetically developed the socialized service system; stabilized and carried out the party's rural economic policies; endeavored to reduce peasants' burdens; and actively explored a way of reform for industrialization-oriented development, optimum-scale of operation, the auction of "four kinds of wasted lands," water conservancy management systems, and the land use system. In the reform of enterprises, we laid focus on the central task of improving state-owned enterprises and large- and medium-sized enterprises in particular, comprehensively carried out

the "enterprise law" and the "regulation for transforming enterprise management mechanisms," and achieved better results in reforming the three systems concerning enterprises, selecting units to experiment with the modern enterprise system, readjusting enterprises' organizational structure, transforming the shareholding system, and amalgamating enterprises. Major reform measures concerning finance, taxation, banking, foreign exchange, investment, and price were comprehensively carried out. Greater results were achieved in the market system, the social security system, the housing system, and the organizational reform. New progress was made in the opening up to the outside world. Foreign export trade in 1995 reached \$389 million, increasing by 104 percent over 1990, or an average of 15.4 percent annually, and increasing by 4.4 percent over 1994. The use of foreign capital was increased by a large margin, and its volume totaled \$948 million. The number of registered three types of foreign-funded enterprises surpassed 1,000.

Efforts were made to coordinate the development of science and technology, education, culture, health, and other undertakings. During the Eighth Five-Year Plan period, while the economy was in fairly fast growth, science and technology, education, and various social undertakings also developed fairly fast. Over the past five years, the whole province scored 3,250 scientific and technological achievements, of which, 723 won state-level, provincial-level, and ministerial-level awards. Thirty-eight percent of the scientific and technological achievements were disseminated and applied, and a large number of scientific and technological achievements concerning electronic information technology, the breeding of good strains, plastic sheets mulching cultivation, and rainwater collection were extensively applied in the course of production. The contribution of scientific and technological progress to economic growth rose to 35.35 percent from 31.58 percent at the end of the Seventh Five-Year Plan period, and the strategy of giving priority to educational development was carried out gradually. While strengthening the elementary education, greater progress was made in the adult education, vocational education, education of minority nationalities, and on-the-job training for staffs and workers. The rate of school-age children reached 96.9 percent, the illiteracy rate of middle-aged and young people dropped to 11.5 percent from 26 percent at the end of the Seventh Five-Year Plan period, and primary education was made universal in 62 counties and junior middle school compulsory education was made universal in 18 counties. The conditions for running schools and teachers' housing were improved considerably. A number of excellent literary and art works, plays, and operas were created. Radio and television coverage reached 65.4 percent and 70.6

percent, respectively. We always persisted in making party and government top leaders at all levels personally attend to and take responsibility for family planning work, established the system under which governments at all levels are responsible for attaining given objectives in birth control efforts, and realistically strengthened the grass-roots work so as to control the excessively fast population growth to some extent. We carried out the guiding principle of putting prevention first in health work; laid focus on strengthening rural medical work, planned inoculation, and prevention and control of endemic diseases; and built, expanded, repaired, and rebuilt 796 health centers in townships and towns and 112 inoculation and maternity and child-care centers in counties so as to further improve rural health care conditions. Gratifying achievements were made in competitive sports, and the health plan for all people was started. A total of 81 counties, cities, and districts established environmental inspection and control stations so that environmental protection and control began to be brought into the orbit of legalization. We strengthened land management according to the law and promoted the optimum allocation and rational utilization of land resources. Good achievements were made in statistics, auditing, supervision, civil administration, public security, literature and history, consultation, local chronicles, and the government legal system.

Living standards were steadily improved. The Eighth Five-Year Plan period was one during which living standards were improved at a fairly fast rate, living conditions were improved considerably, and people gained more material gains. Compared with 1990, rural poor areas dropped to 20.7 percent from 30.2 percent, peasants' per capita net income rose to 884 yuan from 431 yuan, urban dwellers' per capita income spent on living expenses rose to 2,855 yuan from 1,197 yuan, and per capita living space rose to 10 square meters from 8.86 square meters. The supply of commodities was fairly ample. The total volume of consumer goods retail sale reached 21 billion yuan, increasing by 1.2 times over 1990, or an average of 17 percent increase annually, and increasing by 20 percent over 1994.

Fellow deputies, 1995 was the year which saw a fairly great change in the economic system and the development environment and more difficulties. Over the past year, many areas in Gansu were hit by the drought which had never happened for 60 years, fairly big earthquakes happened in Qishan township in Yongdeng and its neighboring areas, power shortage was the most serious in the past 10 years and more, funds were fairly tight, and the environment for economic operation was the most difficult in five years. In the face of this grim situation, various levels of governments adopted a se-

ries of measures for making the national economy forge ahead in the course of overcoming difficulties and develop in the course of reform and opening up. Consequently, various tasks defined by the people's congress held at the beginning of the year were basically accomplished.

Focusing on fighting a drought, reducing natural calamities, guaranteeing the acreage of grain fields, and increasing output, in rural economic work, we concentrated on the following six tasks. 1. We stabilized and expanded areas sown to grains. Areas sown to grains reached 2,927,500 hectare in 1995, increasing by 44,700 hectare over 1994. Various places paid close attention to subsidizing summer shortfall with autumn bumper harvest and subsidizing major autumn crops with minor ones. Multiple cropping areas reached 480,000 hectare, and areas sown to autumn grains totaled 1.216 million hectare. 2. We paid close attention to carrying out measures for invigorating agriculture with science and technology. Efforts were made to popularize the techniques of covering large tracts of farmland with plastic sheets, so significant results were made in increasing the production of corn and wheat. The grain output of eastern Gansu's 17 counties was not reduced in the disaster-ridden year, and this mainly benefited from the popularization and application of scientific and technological achievements. The implementation of artificial rainfall also played an important role in fighting drought. 3. We went all out for farmland capital construction and water conservancy works. While expediting the building of large-scale water conservancy projects and giving full play to the role of current water conservancy facilities, in line with the needs of fighting drought, we promptly readjusted the investment structure in water conservancy projects and channeled 30 million yuan to a number of small-scale water conservancy projects that can produce good results in a short time. We also extensively mobilized people to drill motor-pumped wells, dig traditional wells, and deliver water by man and animal to irrigate farmland, thus producing better results in fighting drought and ensuring full stands of seedlings. Areas under irrigation increased by 23,300 hectares, and more than 70,000 hectares of new "three kinds of farmland" were built. 4. In order to supply water to Gansu's 2.5 million people and the 250,000 households totalling 1.25 million people in central Gansu, we made plans to carry out the "121" rainfall collection project. This major move won ardent support from the broad masses of cadres and people. The whole province contributed 53.3 million yuan for this project, surpassing the original target by 78 percent. A total of 151,000 households built rainfall collection facilities and water cellars. 5. We actively readjusted the rural production structure, energetically developed pillar and township enterprises,

and endeavored to increase peasants' income. Cotton output totaled 22,500 tonnes, increasing by 23.6 percent over 1994. The output of vegetables totaled 3.273 million tonnes, increasing by 12.2 percent over 1994. Beet output totaled 1.15 million tonnes. New forests of economic value totaling 39,300 hectare were built; fruit output totaled 799,000 tonnes, increasing by 20.3 percent over 1994; and meat output totaled 626,000 tonnes, increasing by 9.8 percent over 1994. The output value of township enterprises totaled 40 billion yuan, increasing by 46 percent over 1994. Labor service exports involved 1.77 million people and earned 1.4 billion yuan. Peasants' per capita net income increased by 162 yuan over 1994. 6. We made good arrangements for the people's livelihoods in disaster-stricken and poor areas. While assisting people in disaster areas to provide for and help themselves by engaging in production, various levels of governments did much arduous and meticulous work to actively strive for the state's support, mobilized various social sectors to contribute money, and adopt every possible means to raise grain funds. Including the disaster relief funds, they allocated 135 million yuan in relief funds and 112 million kg of relief grains. They also strictly carried out the responsibility system so as to basically guarantee that people in disaster-stricken and poor areas had adequate grain and clothes. In brief, thanks to the joint effort of the people of the whole province, the rural economy withstood the test of serious drought and realized the fighting targets of a minimum drop in grain output, a larger increase of peasants' income, and basic rural stability defined at the beginning of the year.

In industrial production, we paid attention to the following four tasks. A. In line with the principle of giving priority to efficiency, we paid close attention to limiting the production of products which were in excess of demand to reduce stockpiling. We strengthened production management so as to maintain overall situation in industrial production. We made some beneficial explorations in reforming small- and medium-sized enterprises by ways of shareholding cooperative systems, mergers, bankruptcy, and auction. B. Focusing on increasing the scientific and technological content in economic growth, we added impetus to enterprises' technical transformation and progress, and 245 technical transformation projects across the province were completed and implemented. C. We guided enterprises to thoroughly carry out the activity of "transforming mechanisms, attending to management, strengthening self-improvement, and increasing efficiency"; further strengthened management of basic work, capital, properties, costs, and quality; and produced fairly good results. D. We continuously adopted the method of "one factory, one policy" to support, help, and promote the development of difficult enterprises.

The output value of industrial enterprises at and above the township level totaled 66.04 billion yuan, increasing by 9.85 percent over 1994. The tasks defined by the people's congress at the beginning of the year in terms of finance and banking, market circulation, science, technology, and education were basically accomplished.

Fellow deputies, during the Eighth Five-Year Plan, people of the whole province created many successful experiences. These experiences are seen mainly in the following aspects: 1) We persisted in regarding Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as the guidance; conscientiously carried out the guiding principle of "seizing opportunities, deepening reform, expanding opening up, promoting development, and maintaining stability"; correctly handled the relationship between reform, development, and stability; and used reform to promote development and maintain stability in the course of development. 2) We adhered to the ideology of "regarding development as the essential criterion," always persisted in regarding economic construction as the central task, made eradicating poverty and becoming prosperous the target, objectively and precisely analyzed advantageous conditions and restrictive factors, gave play to our own advantages, and paid close attention to weak links in order to promote Gansu's sustained, rapid, and healthy economic development. 3) We adhered to the ideological line of seeking truth from facts, maintained unity with the party Central Committee in terms of ideology and action, integrated central major policies with Gansu's specific situation, and creatively carried out our work. In the guidance to our work, not only did we emphasize the emancipation of the mind, the renewal of ideas, and devoting great efforts to reform, but we also paid attention to proceeding with our work based on Gansu's actual situation, seeking truth from facts and focusing on real results. In the extent of reform, we gave full consideration to whether various sectors could bear such reform, and did a good job in issuing reform measures at opportune moments. In the priorities of development, not only did we embody Gansu's characteristics, but we also carried out the state's industrial policies while actively striving for the state's support. 4) We persisted in giving different guidance to different cases in line with local conditions, respectively defined different development strategies and priorities in line with the characteristics of big differences between various places, and worked out different objectives and tasks for different stages. In line with economic development trends as well as hot and difficult issues, we carried out our work in a step-by-step, planned manner and laid focus on making breakthroughs. 5) We adhered to the guiding principle of "simultaneously attending to two tasks and achieving

success in both," while concentrating on economic construction. At the same time, we unremittingly attended to the building of spiritual civilization, democracy and the legal system, and honest administration. 6) We adhered to the spirit of self-reliance and arduous struggle, made endeavors to change poor and backward outlooks, established the ideology of making arduous struggle on a long-term basis, quietly immersed ourselves in hard work, did practical things, pursued real results, always maintained a vigorous mental status, worked steadily, and made solid progress. We firmly attended to the major tasks affecting the overall situation once they were defined in order to realistically produce desired results.

Fellow deputies, the Eighth Five-Year Plan period was one during which Gansu's economy was full of vigor, the social situation was stable, Gansu's outlook underwent a profound change, and economic construction and social development witnessed an unprecedented boom. This was the result of the Gansu people's endeavor to forge ahead in a pioneering spirit and to make an arduous struggle under the guidance of the party's basic line. This was also the result of the supervision and assistance of deputies and CPPCC Committee members at all levels. Various democratic parties, industrial and commercial federations, and personages without party affiliation have actively participated in and discussed government affairs. The trade union, the Communist Youth League, the women's federation, the science and technology association, and other mass organizations have done much work centering around economic construction. On behalf of the provincial people's government, I would like to express my heartfelt gratitude to them.

To summarize and review the practice of reform and construction during the Eighth Five-Year Plan period, we should soberly notice that some restrictive factors which have troubled our province for a long time still exist, and there are quite a few hot and difficult issues in economic and social development. Many aspects warrant our profound self-examination.

1. The agricultural foundation is unstable. During the Eighth Five-Year Plan period, various natural calamities continuously occurred, and our province was struck by a serious drought for three years. This resulted in a drop in grain output and a return to poverty among some people. This situation has shown that although basic conditions for agricultural production have been improved in recent years, it is still hard to keep serious natural calamities under control. Such problems as the tight supply of agricultural means of production, price increases, fairly low comparable benefits of agricultural production, fairly heavy burdens born by peasants, and poor work in acquiring and using agricultural funds have affected the peasants' enthusiasm to some extent.

2. The problems concerning backward basic industries and infrastructure are fairly prominent. During the Eighth Five-Year Plan period, Gansu's energy supply was fairly tight, and in particular, serious power shortages in the past two years have greatly affected industrial and agricultural production and people's lives. This has shown that energy construction has become a weakness in economic development. Though transportation and communication conditions have been greatly improved, they still cannot adapt to the needs of economic development and opening up to the outside world.

3. Inflation is still high. Over the past year, various levels of government did much work in controlling excessively rapid price increases, and inflation in 1995 was 16.5 percent, basically close to the target defined at the beginning of the year. However, because urban and rural dwellers's income is fairly low, their ability to bear strains is fairly weak, and various levels of government cannot provide more money for subsidies, price levels are still high.

4. It is very difficult to balance revenues and expenditures. During the Eighth Five-Year Plan period, financial revenues experienced fairly fast growth; however, they still could not catch up with the growth in expenditures. Therefore, it was difficult to balance revenues and expenditures, deficits were increased, and the problem of delaying the payment of wages at the prefecture and county level was fairly conspicuous. The main reasons include the fact that local financial resources and, in particular, financial resources at the county level are weak, the economic efficiency of enterprises is generally low, deficits have increased, there are too many personnel supported by financial departments, there are more mandatory factors on increasing expenditures such as wage reform and subsidy increases, the waste in expenditures is fairly serious, and the situation of tax evasion and arrears is fairly prevalent.

5. The task of controlling the excessively fast population growth is arduous. Owing that economic development level is low, ideas and concepts are outmoded, the sense of per capita share gets blunted, grass-roots basic work is weak, and our province has been in a baby boom in recent years, many difficult problems in family planning should be tackled. Despite the fact that various levels of governments have devoted great efforts to this work, the trend of excessively fast population growth has not been fundamentally curbed.

6. Social ugly situations and corrupt problems are fairly conspicuous in some places. Social ugly situations which people hate bitterly, such as prostitution, drug addiction and trafficking, gambling, feudal ideas, and superstitious activities, still exist despite repeated

orders. Serious criminal cases which directly endanger people's lives and properties occur from time to time, and public security causes fairly strong resentment from the masses. A few government functionaries use their power to seek private gains, practice graft and accept bribes, and are morally degenerated. They exert an extremely bad influence among people and jeopardize the government's image.

We should adopt effective measures to resolve the problems mentioned above. On behalf of the provincial people's government, I earnestly request deputies, CPPCC Committee members, and personalities from all walks of life to put forward criticisms and suggestions on the work of the government.

II. The Fighting Targets and Strategic Priorities for Future Development

The next 15 years and, in particular, the Ninth Five-Year Plan period form an important period linking the past with the future in Gansu's economic and social development. Fighting targets are: The original task of quadrupling the 1980 GNP by 2000 will be fulfilled ahead of schedule in 1996; the GNP will grow at an 8-percent or even faster rate during the Ninth Five-Year Plan period; the 1980 per capita GNP will be quadrupled by 2000; and the 2000 GNP will be doubled again by 2010. While the economy is experiencing fairly fast development, we should coordinate and develop various social undertakings and promote all-round social progress. The strategic priorities for economic and social development are:

1. We should further strengthen agricultural foundation and promote all-round rural economic development.

During the Ninth Five-Year Plan period, the fighting targets for agricultural and rural economic development are: By the end of this century, self-sufficiency in grains will be realized, grain output will total 9 million tonnes, and per capita share of grains will reach 350 kg. Main cash crops and other agricultural products will be in stable growth, and peasants' per capita net income will be increased by a larger margin. The whole province will be basically out of poverty, and some areas will attain a moderate level of prosperity. In rural economic work, we should continuously adhere to the guiding principle of giving different guidance to three different levels of development. While attending to the moderate-prosperity project and promoting the areas with middle-level development, we should lay focus on implementing the "plan to help 4 million people out of poverty," do a good job in tackling difficult problems in supporting the poor, and promote all-round rural economic development. A. We should unremittably improve basic conditions for agricultural production. We should do a good job in con-

cluding the project of diverting water from Datong He to Qinqiangchuan and the Yanhuangding Huang He water diversion project, complete Minqin water diversion project and Dongxiang Nanyang canal project, expedite the progress of water and soil conservation of Mapeng He valley, build the project of comprehensive development of Sule He valley, and strive for the state's support to launch and start the Tao He water diversion project. At the same time, we should lay focus on building a number of small-scale water conservancy projects with small investment but quick returns. Through the measures of reforming the waterpipe system, rebuilding and repairing water conservancy facilities, readjusting the structure of plantation, and disseminating water-efficient techniques, we should develop water-efficient agriculture and enhance water utilization rate step by step. We should basically complete the "22274" project, continuously expand the areas of "three kinds of farmland" and the farmland under contracted scientific and technological assistance, and by 2000 or slightly beyond strive to build 20 million mu of irrigated land, seven chemical fertilizer plants, and four pesticide plants, and make them attain designed capacity and targets. B. We should energetically transform medium- and low-yielding farmland and carry out comprehensive agricultural development. We should adopt effective measures to transform large tracts of medium- and low-yielding farmland, endeavor to increase per-unit-area yield, and steadily increase total output. We should quicken the pace of developing rural pillar industries and enhancing the quality and level of rural economic growth. C. We should further increase agricultural investment. On the basis of managing well and making good use of existing agricultural input, we should expand the utilization of foreign capital, encourage rural collectives and individuals and various social sectors to increase agricultural investment, and steadily enhance the proportion of agricultural investment. D. We should energetically popularize advanced farming techniques. We should lay focus on attending to the popularization and application of applicable techniques on the cultivation of good grains, plastic sheets mulching, the comprehensive techniques for increasing the production of irrigated areas, the techniques for reaping a bumper harvest in dry farmland, water delivery through low-pressure pipes, and irrigation by spraying, dripping, and seeping water into soil. We should stabilize rural scientific and technological contingents and do a good job in building the rural socialized service system. E. We should expedite the commercialization of animal husbandry. We should rely on science and technology to improve and build grasslands. We should continuously consolidate and improve the grassland and livestock contracted responsibility system and mobilize the enthusiasm of the broad masses

of peasants and herdsmen for developing commercial animal husbandry. F. We should continue to energetically develop township enterprises. We should persist in laying equal stress on expansion and development on the one hand and readjustment and transformation on the other; optimize the production structure of township enterprises, the organizational structure of enterprises, and the product mix step by step; increase the proportion of technological content and the industry; and form scaled efficiency. We should actively promote the construction of the areas where township enterprises are concentrated and the exemplary project of cooperation between east and west China.

2. We should lay focus on enhancing the quality and efficiency of economic growth and expedite industrial development.

During the Ninth Five-Year Plan period, the main tasks for industrial development are: We should lay focus on enhancing the quality and efficiency of economic operation, rely on science and technology, optimize structures, and actively promote a fundamental change from an extensive economic growth model to an intensive economic growth model. 1) Based on Gansu's resources and current foundation, we should further strengthen pillar industries; regard power, petrochemical, metallurgical, machinery, electronics, and building material industries, and light industry and textiles as pillar industries and promote their development; and give full play to our resources to form new economic growing points. We should strengthen geological prospecting, actively develop the mining industry, and increase the reserves of resources and the conditions for future exploitation. 2) We should step up efforts to build industrial bases. We should exert main efforts to consolidate and develop Lanzhou, Yumen (including Zhangye), and Changqing petrochemical bases. We should build the Baiyin, Lanzhou, Jinchang, and Xicheng nonferrous industrial bases. We should lay focus on expanding and rebuilding Jiuquan and Lanzhou steel works, readjust product mix, and further strengthen the bases for steel and iron production. With Lanzhou plate glass works, Yongdeng cement plant, and other key enterprises as the backing, we should consolidate existing advantages, develop new-type building materials, and establish the building materials bases which are influential in north-west China. 3) We should attend to the construction of key projects that have a bearing on the overall situation. We should strive to start the 500,000-tonne ethylene project, the expansion of Lanzhou oil refinery's capacity to 10 million tonnes, and the construction of 1,000 km of pipelines to deliver refined oil from Lanzhou to Chengdu. We should concentrate financial and material resources to expedite the construction of key projects

concerning light industry and textiles, food, machinery, electronics, and other industries. 4) We should do a good job in the in-depth processing and the comprehensive utilization of superior raw materials and endeavor to increase the added values of products. Focusing on ethylene project, we should develop synthetic fiber, synthetic resin, synthetic rubber, and other chemical products as well as make good plans for the coordinated projects of follow-up industries. 5) We should energetically develop brand-name, excellent, and new products and actively implement the brand-name strategy. In the medical industry, we should lay focus on developing medicines made from both chemical and biological materials as well as do a good job in the large-scale exploitation of brand-name and excellent traditional Chinese medicines. In electronics and machinery industries, while giving scope to the advantages of general oil-extracting equipment, drilling equipment, refining equipment, and other products, we should devote great efforts to developing new-type leading products as well as strengthen the integration of machinery and electronics industries and the development of competitive electronics products. In light industry and textiles, we should energetically promote technological progress, develop brand-name, excellent, and new products, and enhance the quality, grade, and processing level of products. 6) We should pay close attention to the technical transformation of old industrial bases, improve outmoded products and obsolete equipment step by step, and increase enterprises' competitiveness.

3. We should lay focus on improving weak links and strengthen infrastructure.

During the Ninth Five-Year Plan period, we should continuously put energy, transportation, communication, and other basic industries and infrastructure in a more prominent position. In the energy industry, we should meet the urgent demands of economic development; adhere to the principle of simultaneously developing hydraulic and thermal power plants of all sizes as well as laying equal stress on opening up new resources and practicing conservation; and lay focus on using power construction to bring along the coordinated development of various energy construction in order to gradually ease power shortage and provide energy guarantee for economic development. In the power industry, we should lay focus on building the second-phase Jingyuan power plant, the "small three gorges," and Pingliang and Zhangye power plants, rebuild Xigu power plant, expand Liancheng power plant and 803 power plant, rebuild and expand Liujiaxia, Yanguoxia, and Bapanxia power stations, and build corresponding power transmission and transformation projects. We should increase power equipment installed capacity by 2.5 million kilo-

watts and electricity output by 15.6 billion kilowatt hours. While expediting the construction of new power facilities, we should encourage the whole society to economize on electricity by simultaneously adopting economic and administrative methods. In the coal industry, on the basis of stabilizing the exploitation of existing mine shafts, we should lay focus on expediting the construction of Huating coal mine and devote great efforts to the exploitation of Xidayao coal fields. Through straightening out, transforming, and upgrading coal mines in townships and towns, we should promote the development of coal mines in prefectures and counties. In transportation, we should complete the reconstruction and expansion of Zhongchuan and Dunhuang airports and electrification of Baoji-Lanzhou Railway. We should strive to build the second line of Baoji-Lanzhou Railway, expedite the reconstruction of state highways and the construction of highways in counties and townships, and upgrade the technical level of highways. We should increase telephone subscription. We should establish the transportation networks which radiate from Lanzhou city to the whole province as well as highly efficient and unblocked posts and telecommunications networks. We should expedite construction of basic urban utilities, improve working and living conditions, and optimize investment environment.

4. We should energetically develop the tertiary industry to meet the demand of modern social development.

During the Ninth Five-Year Plan period, the development rate of the tertiary industry should be higher than that of the primary and secondary industries, and the proportion of people engaged in the tertiary industry among total employees should rise to around 25 percent so as to form an industrial system compatible with a socialist market economic system. A. We should expedite the construction of the Lanzhou commercial and trade center as well as build Lanzhou, in five years, into an economic center with complete functions which can bring along the overall development of the regional economy and open Gansu to the outside world. B. While developing and perfecting comprehensive wholesale markets and various specialized markets, we should further develop the retail sale networks that meet consumer needs and are convenient, improve circulation facilities, and step by step, build a number of markets with strong cohesion, wide influence, complete service functions, and the potential to increase local financial resources. C. We should continuously develop commerce, circulation, banking, insurance, foreign trade, foreign economic relations, construction, service, and other industries; and actively open up information and consultation, technical service, legal service, accounting service, market intermediary organizations, and other new industries

to satisfy the needs of industrial and agricultural production and people's lives. D. Taking the silk road tour as the main tourist program, we should comprehensively exploit tourist resources and products, transform service facilities, enhance service quality, and expedite tourist development.

5. We should strengthen the construction of financial resources and endeavor to increase financial revenues.

During the Ninth Five-Year Plan period, the fighting targets for the financial work are: We should guarantee that financial revenues and the GNP will grow simultaneously, reduce deficits step by step, endeavor to realize financial balance at the provincial level, and greatly improve the finance of the great majority of prefectures and counties. To realize this target, we should unceasingly enhance the quality and efficiency of economic growth, further broaden the source of income and reduce expenditures, and devote great efforts to fostering new financial resources. 1) We should strengthen basic financial resources. Under the current fiscal and taxation system, Gansu's financial revenues come mainly from consumption and value-added taxes. Therefore, we should adopt effective measures to cultivate them as before, stabilize the existing financial revenues, and strive to expand new resources. 2) We should optimize main financial resources. In line with the demands of a revenue-sharing financial system, local taxes are the main sources of local financial revenues. Therefore, during the Ninth Five-Year Plan period, on the basis of optimizing industrial structure and the layout of productive forces and through expediting the development of rural pillar industries, we should attend to a diversified economy and the intensive processing of farm and sideline products, and energetically develop the industry of prefectures and counties to strengthen their economic strength step by step and increase their financial revenues. 3) We should open up new financial resources. In order to consolidate the foundation for increasing financial revenues, we should establish a structure of financial resources that features steady increase; give prominence to communication and transportation, banking and insurance, building and installment, tourism and service, and real estate industries; and make them develop faster in order to provide more tax revenues for local finance. 4) We should expand and augment financial resources. We should expedite the development of township enterprises and the nonstate-owned economy, support and guide individual and private economic sectors to develop in a healthy way, and broaden the financial sources from non-governmental sectors. 5) We should strengthen tax collection and management and the management of extra-budgetary funds, make all levels take responsibility for this work, and collect the taxes

which should be collected. 6) While attending to the construction of financial resources, we should adhere to an appropriately tight financial principle, establish the ideology of leading an frugal life, strengthen auditing and supervision, and reduce expenditures and waste.

6. We should comprehensively carry out the strategy of "invigorating the province by science and education."

During the Ninth Five-Year Plan period, we should attend to the key links of industrializing science and technology and regarding education as the foundation, increase input to science, technology, and education, and promote the close integration of science, technology, education, and the economy. Focusing on key technical problems concerning economic construction, we should tackle difficult problems on science and technology, increase technology reserves, promote the transformation of scientific and technological achievements, and endeavor to increase scientific and technological content in economic growth. We should continuously promote the integration of "agriculture, science, and education" as well as pool the efforts of "industrial enterprises, colleges and universities, and scientific research institutes." We should concentrate on increasing grain output, increasing the income of rural pillar industries, promoting technological progress of township enterprises, making enterprises blaze new trail and set an example in science and technology, updating and transforming technology, developing new products, fostering brand-name products, transferring new techniques and new achievements, and training trans-century scientific and technological talented persons. We should intensify science popularization and the popularization and application of rural applicable techniques. By the end of this century, each peasant household should have one person who has a good grasp of scientific and technological knowledge and masters two techniques needed in becoming prosperous, and each county should popularize more than 30 applicable techniques. We should realistically support the basic research that reflects local and academic advantages, strengthen applied research, and unceasingly strengthen the ability to promote future scientific and technology development. In accordance with the principle of "concentrating on scientific and technological research and, at the same time, encouraging the commercialization of research results," we should restructure scientific and technological organizations and form a mechanism to manage scientific research institutes featuring rational layout, big vitality, and diversified input. In order to meet the demands for economic, scientific and technological, and social development, we should energetically develop educational undertakings, train various levels of talented persons specialized in various fields, and further enhance the quality of labor-

ers. We should lay focus on fulfilling the task of basically making primary compulsory education universal, basically eliminating illiteracy among middle-aged and young people, and making the nine-year compulsory education universal in areas in which over 70 percent of the province's total population are located. We should actively develop vocational and adult education, appropriately develop higher education, optimize educational structure, and enhance our ability to train engineering personnel. At the same time, we should strive by every possible means to train much-needed primary and middle-class talented persons for the development of rural areas and township enterprises. We should expedite the reform of the educational system, further enhance the quality and efficiency of running schools, and actively explore the systems and modes of running schools which comply with Gansu's economic development and social progress. We should deeply carry out patriotic education and endeavor to train socialist-minded citizens who have lofty ideals, moral integrity, a good education, and a strong sense of discipline.

7. We should expedite the economic and social development of minority nationality regions.

Expediting the development of economic and social undertakings in minority nationality regions is of great significance in strengthening national unity as well as promoting sustained, rapid, and healthy economic development and all-round social progress. In the next 15 years and in particular, during the Ninth Five-Year Plan period, minority nationality areas should combine the province's support with self-development, proceed from their own reality, carry out correct development strategies, and promote the coordinated development of economic, scientific and technological, educational, cultural, health, and other various social undertakings. We should create conditions in terms of policy support, financial transfer payment, and the layout of productive forces, and arrange development and infrastructure projects according to established priorities in the areas of finance, assistance to the poor, water and power supply, transportation, giving relief by providing labor, and education so as to strengthen the economic strength and development momentum of minority nationality regions. We should ensure that the 20 million yuan of funds allocated to two minority nationality autonomous regions by the central and the provincial governments each in supporting their development will be put in place, and that these funds will be mainly used to improve basic production conditions for agriculture and animal husbandry and develop pillar industries and infrastructure. Minority nationality regions should suit measures to local conditions, give play to their advantages, mobilize the enthusiasm and creativity of people of all nationali-

ties, make good and flexible use of various central and provincial policies and measures on supporting the economic and social development of minority nationality regions, achieve better efficiency, rely on their own efforts, make arduous struggle, and endeavor to eliminate poverty. We should continuously support old revolutionary base areas and poor areas and help them expedite development.

8. We should coordinate the development of various social undertakings and promote all-round social progress.

In the next 15 years and, in particular, during the Ninth Five-Year Plan period, we should attach great importance to socialist spiritual civilization construction and endeavor to promote the simultaneous progress of material and spiritual civilization. We should lay focus on the following aspects: a) We should further develop urban and rural cultural undertakings and make them flourish. We should continuously adhere to the orientation of "serving people and socialism" and the guiding principle of "letting one hundred flowers blossom and one hundred schools of thought contend." We should endeavor to create a number of fine works which carry forward excellent national culture, reflect the spirit of the times, and are warmly received by the masses in order to provide rich nourishment for the mind of the broad masses of people. We should pay great attention to the development of rural cultural undertakings and promote moderate prosperity in cultural work so as to enrich the cultural life of the broad masses of peasants. We should deeply carry out the activity of "cracking down on pornography and illegal publication" on a long-term basis so as to purify the social environment. We should strengthen press, publication, radio, and television work, adhere to the correct guidance of public opinions, and energetically commend and publicize various advanced typical cases so as to carry forward healthy trends. b) To meet the people's demand for good health, we should actively develop various health care undertakings and ensure that basic health care is gradually provided for everyone. We should further improve medical ethics and raise the quality of basic medical treatment so as to improve medical quality and service. We should continue to deeply reform medical and health undertakings, manage medical markets according to the law, and protect and improve people's health. c) We should adhere to the principle of laying equal stress on competitive and mass sports, unceasingly enhance the level of sports techniques, extensively promote the health for all people, and build up people's health. d) We should persist in simultaneously planning, carrying out, and developing economic construction, urban and rural construction, and environmental construction; strengthen the protection, supervision, and management

of the environment, ecology, and resources; do a good job in building the Lanzhou environmental protection project; and protect land, grassland, forests, mineral resources, water resources, wild animals and plants, and other resources in line with the law and rationally exploit and use them in order to promote the optimum allocation of resources. Particularly, we should strengthen the management, exploitation, and utilization of land resources; realistically protect cultivated land; and strictly prohibit misappropriation of cultivated land. We should expedite the comprehensive management of small river basins and the construction of shelterbelts, persist in planting grass and trees everywhere on a long-term basis, manage and protect forests according to the law, strictly forbid severe deforestation, and endeavor to increase forest coverage. By the end of this century, we should further control deteriorated environmental pollution and ecological destruction, improve the environmental quality of some cities and districts to some extent, and basically control the total amount of major pollutants at the 1995 level. e) We should actively increase job opportunities and stabilize the employment situation. We should conscientiously do a good job in providing disaster relief, make good arrangements for the livelihood of bad-off people, and make endeavors to improve social security. We should realistically protect the legitimate interests and rights of women, minors, the aged, and the disabled. f) We should further strengthen unity between the army and the government and between soldiers and civilians, unremittently carry out the activity of pooling the efforts of soldiers and civilians and of policemen and civilians to build civilized units, deeply carry out national defense education, strengthen the construction of national defense reserve forces, realistically attend to the militia, reserve duty forces, and double-support work, and strive to enable more counties and cities to rank among "double-support exemplary cities and counties."

III. Guiding Ideology and Policy Measures

In order to guarantee that the above-mentioned fighting targets can be successfully carried out for Gansu's economic and social development for some time to come, we should continuously adhere to the basic principle of "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability"; regard it as the basic criterion to determine whether our work is conducive to developing the productive forces of socialist society, enhancing the comprehensive national strength of the socialist country, and improving people's living standard; and promote a change from a traditional planned economic system to a socialist market economic system and a change from an extensive economic growth model to an intensive eco-

economic-growth model in order to promote the sustained, rapid, and healthy development of the economy and all-round social progress. We should further emancipate the mind, change ideas, and comprehensively carry out eight guiding principles put forward by the provincial party committee. They include: We should actively promote a fundamental change in the economic growth model and maintain the sustained, rapid, and healthy development of the national economy; we should devote great efforts to implementing the strategy of invigorating the province by science and education as well as promote the close integration of science and technology, education, and the economy; we should realistically strengthen agriculture as well as comprehensively develop the rural economy and make it flourish; we should actively promote a change in the economic system and endeavor to improve state-owned enterprises; we should give full scope to our advantages and actively foster new economic growing points; we should further expand opening up to the outside world as well as use opening up to promote exploitation and development; we should persist in giving different guidance to different cases and promote the simultaneous development of different types of regions; and we should adhere to the simultaneous progress of material and spiritual civilization and coordinate economic and social development.

Main policy measures are:

First, we should further deepen the economic system reform.

During the Ninth Five-Year Plan period, in line with the overall arrangement of establishing and perfecting the socialist market economic system, we should tackle difficult and key problems which exist in the course of developing Gansu's economy and changing systems, further deepen reform and expand opening up, and form a new situation in which reform, opening up, and development are mutually promotional. We should establish the systems to provide guarantee for realizing faster economic and social development. 1. We should further deepen rural reform. We should continuously consolidate and perfect a contracted household responsibility system with remuneration linked to output and a management system in rural areas whereby unified management is combined with separate management, stabilize the party's various rural policies, and mobilize and protect peasants' enthusiasm for production and management. In areas with relatively developed economies, we should encourage the rational transfer of the land use right, carry out various forms of association and cooperation, energetically develop the integrated management of trade, industry, and agriculture, and actively guide peasants to carry out large-scale production. In poor areas, we should continuously tap the potential in

the production-related contracting and bring poor people out of poverty as soon as possible. We should further enhance the strength of collective economic sectors and strengthen the service function of rural collective economic organizations. 2. We should unceasingly deepen enterprise reform. In line with the basic demands of "clearly defining property rights as well as the rights and responsibilities of enterprises, separating government administration from enterprise management, and carrying out scientific management," state-owned large and medium-sized enterprises should quicken the pace of transforming mechanisms and changing systems. We should do a better job in decontrolling and invigorating state-owned small enterprises. In line with their different situations, enterprises can be reorganized by ways of the shareholding cooperative system, the leasing system, contractual management, mergers, or even auction or sell-out. With an aim to invigorate the entire state-owned economy and increase the efficiency of total assets, we should actively promote the readjustment of the organizational structure of enterprises with the reorganization of property rights and assets as the main content. We should encourage enterprises to invigorate reserve assets and promote the flow and reorganization of assets. With the backing of superior enterprises and brand-name producers, we should develop and strengthen a number of enterprise groups in order to achieve scaled efficiency. Within enterprises, we should endeavor to establish a good mechanism, build a good leading body, establish a good system, develop a good product, train a good contingent, comprehensively strengthen various basic tasks and main links concerning enterprise management, wholeheartedly rely on the working class, deepen reform, promote development, and greatly improve enterprises. 3. We should actively promote the reform of unemployment, old-age pension, and medical insurances as well as expedite the establishment of the social security and socialized service systems. 4. In line with the demand of developing large-scale markets, circulation, and commerce and trade, we should expedite the construction of the market system. We should further reform the circulation system, do a good job in managing capital, funds, securities, money lending, and other forms of money markets; develop and perfect real estate markets, property right transaction markets, labor force markets, and technology and information markets. We should actively develop various professional intermediary organizations and self-regulated trade organizations and step by step, separate them from the administrative departments in charge of different trades.

Second, we should further expand opening up to the outside world.

During the Ninth Five-Year Plan period, we should further regard expanding opening up to the outside world as the major strategic measure for expediting economic development and, starting with emancipating the mind and renewing ideas, seize the opportunity provided by the state's encouragement of investment in central and western China to readjust and broaden the thinking on opening up to the outside world; realize a multi-directional opening to foreign countries and domestic areas outside our province, and mutual opening between the province, prefectures, and counties, and between enterprises; and use opening up to promote exploitation and development. 1) We should continuously deepen the reform of foreign economic relations and trade, carry out relevant reform measures issued by the state, and, step by step, establish the system for foreign economic relations suited to the international general rules. We should actively expand the export of superior products, strengthen the ability to earn foreign exchange, and establish the mechanism of mainly relying on raising quality and efficiency to promote export. 2) With specialized foreign economic relations and foreign trade enterprises as the backing, we should promote cooperation between the enterprises authorized to engage in import and export business; establish a number of export-oriented enterprise groups which meet the demands of international markets and which integrate trade, industry, agriculture, and technology; and establish superior enterprise groups which can promote Gansu's economy to enter international markets. 3) With Lanzhou and other key cities as the backing, we should continuously attend to the construction of inland open cities and state- and provincial-level development zones, promote the cooperation between northwest China's five provinces and regions in going to outside world through the west, and expand the fields and channels for opening Gansu to the outside world. 4) We should actively train people with ability to deal with foreign affairs, establish a tough contingent competent in signing contracts and holding negotiations, and improve the work concerning foreign-funded enterprises and increase the efficiency of handling affairs. 5) We should further formulate and perfect the policies, laws, and regulations on expanding opening up to the outside world, improve investment environment, strengthen infrastructure, and perfect coordinated service.

Third, we should further increase the total capital under planning.

During the Ninth Five-Year Plan period, Gansu's fixed asset investment has been preliminarily set at 130 to 150 billion yuan. In order to ease the contradiction between the supply and demand of funds and ensure economic development priorities, we should open all av-

enues and adopt various forms to raise funds by every possible means so as to expand funds in operation. 1. We should do a good job in the early-stage preparation for key projects, establish database for projects, and strive to carry out various policies and measures for the state's support to the development of central and western China. 2. On the basis of making overall arrangement for and managing well existing special funds and in line with demands and possibilities, we should establish some new special funds step by step and broaden the channel for collecting funds. 3. We should actively develop money-lending organizations and open up the channel for money lending. We should take new investment and existing reserve assets or lands and other real estates as the capital stock to attract foreign businessmen, enterprises, or individuals to invest in the basic projects undertaken by the government through the forms of joint venture and joint cooperation. The part of the financial allocation-turned loans issued by the state and the province in the past which has been defined as state shares may be sold off, and the income should be used in capital construction. We should manage well and make good use of the funds raised by selling land-use rights, add impetus to collecting the regulatory tax on use of investment, and use it mainly in urban infrastructure, comprehensive agricultural development, local industry, and the development of educational, cultural, health, and scientific research undertakings. 4. We should expand the degree of inviting domestic and foreign investment. We should continuously perfect and improve the work of introducing foreign capital and strive to introduce more loans from foreign governments and international financial organs, and international commercial loans for Gansu's construction. We should establish the system of monitoring major projects involving the use of foreign capital and concentrate on appraising a number of good projects using foreign investment. With the existing trust and investment organs or investment entities as the backing, we should establish a foundation for joint ventures and attract foreign financial groups to make investment in our province. We should further broaden the channel for introducing investment from abroad and establishing lateral ties at home, and attract more enterprises from areas outside our province to participate in our province's economic construction, mainly the exploitation of resources and the intensive processing of raw materials. We should extensively attract social idle funds, expedite the development of cash and capital markets, expand the flotation of various bonds, expedite the transformation of the enterprise shareholding system, and turn social idle funds into construction funds as much as possible. 5. While endeavoring to expand the total capital under planning, we should devote great efforts to invigorat-

ing reserve assets, tap the potential of funds, expedite capital turnover, reduce idle funds, and manage well and make good use of existing funds. 6. We should reform the investment system. The channels for raising funds and the main investors should be delimited according to the nature of construction projects—whether they are public-welfare, infrastructure, or competitive projects. We should establish and perfect the investment responsibility system and strictly control investment budgetary estimates. We should comprehensively use plans, finance, banking, and other regulatory and control means to guide investment orientation, shorten the cycle of construction, and increase investment efficiency. We should quicken the pace of fostering intermediary service systems for investment markets, such as investment guaranteeing and investment consultation organizations.

Fourth, we should control excessively fast price increases.

During the Ninth Five-Year Plan period, we should continuously take inflation control as the number one task in macroeconomic regulation and control; ensure that the inflation rate will be lower than the economic growth rate, the rate of retail price increases will be lower than the rate of urban and rural dwellers' income growth, and price fluctuation will be smaller than that during the Eighth Five-Year Plan period; guarantee stable economic operation; and guarantee that people's living standard will be steadily improved. For this, we should adopt the following regulatory and control measures. A. We should ensure that industrial and agricultural production will grow at a faster rate based on improved efficiency, endeavor to increase effective supply, and make good arrangement for the supply of commodities. We should continuously carry out the system of making administrative leaders take responsibility for "rice sack" and "food basket" projects as well as do a good job in "food basket" project and the production, purchase, and marketing of grains, oil-bearing crops, and main agricultural products. B. We should control the abnormal growth of consumption funds and restrict the construction of common nonproductive projects. C. We should further perfect the risk funds for grain price, the risk funds for the price of major nonstaple food, price regulation funds, and the major commodities reserve system, and also establish, step by step, the price regulatory and control system suited to the demands of the market economy. D. We should proceed from reality, carry out the state's policies and measures on price reform and readjustment, and execute price adjustment measures at the opportune moment to prevent big fluctuations in prices. E. We should guide enterprises to strengthen management and self-improvement, lower

production costs, save circulation expenses, and reduce the impact of price changes to the minimum. F. We should strengthen price supervision and management as well as the guiding role of the media. Particularly, we should successfully regulate, control, supervise, and manage the prices of agricultural means of production and of people's daily necessities. We should protect consumers' interests, rely on people to promote price reform, and manage well market price.

Fifth, we should strictly control excessively fast population growth.

In the next 15 years and, in particular, during the Ninth Five-Year Plan period, if we fail to effectively control the excessively fast population growth, the 100-percent-increase in the per capita amount will be not realized even if we realize the total quantity target for economic development. Hence, we should unwaveringly carry out the basic state policy of family planning; comprehensively carry out various laws, regulations, and policies on family planning; and control population to within 25.8 million by 2000. This is a basic prerequisite and a mandatory task. We should realistically strengthen leadership on family planning, strengthen the concept of per capita amount, and perfect the system of responsibility for the management of population targets. We should comprehensively carry out the principle of "laying focus on propagation and education, contraception, and regular work," as well as the thinking of "integrating family planning with peasants' endeavors to develop the rural economy, to shake off poverty and become prosperous, and to refine family life and make it more enjoyable." In population control, we should continuously lay focus on rural areas and energetically strengthen basic work, grass-roots network construction, and the management of floating population's childbirth.

Sixth, we should further strengthen the building of socialist democracy and the legal system.

Various levels of governments should conscientiously accept the supervision of the people's congress and CP-PCC Committee at the same level, take the initiative in strengthening contacts with various democratic parties and mass organizations, and attach importance to their opinions and suggestions about the work of the government. We should closely rely on the broad masses of people, listen to the opinions of personalities of all walks of life with an open mind, and try to make policymaking more democratic and scientific. We should lay focus on and strengthen the government's legal system, unceasingly perfect and improve various laws and regulations, persist in performing administration according to law, handle affairs in strict accordance with the law, further standardize law-enforcement inspection behaviors,

strengthen law-enforcement supervision, and endeavor to enhance law-enforcement level. We should conscientiously make plans for the "Third Five-Year Plan" to publicize laws, extensively conduct propagation and education to disseminate laws, and enhance citizens's legal concept.

We should carry out the system of responsibility for management of public security comprehensive improvement targets and the leadership responsibility system, integrate the efforts of specialized organs with the mass line, integrate the efforts of crackdown with prevention, and realistically safeguard social stability and state security. We should lay focus on cracking down on violent crimes, drug-related crimes, organized crimes, bus and train bandits and highwaymen, the abduction and selling of women and children, the destruction of production and construction facilities, and other serious criminal activities, as well as on unceasingly eradicating various social ugly situations. We should deal with corruption, stealing, bribery, tax evasion and cheating, fraud, and other various economic crimes in line with the law so as to safeguard the normal economic order. We should further strengthen the construction of public security, procuratorial, and judicial ranks; unceasingly strengthen the legal concept of the broad masses of cadres and policemen and the consciousness of handling affairs according to law; and improve political and professional quality.

Seventh, we should deeply conduct the anticorruption struggle.

Various levels of governments and their personnel should further recognize the extreme importance and necessity of fighting corruption from the perspective of the rise and decline of the party and the state, fully recognize the seriousness and harmfulness of the current corrupt problems, and fight against corruption and build a clean and honest government in a more solid, in-depth, and effective manner. In line with central plans, we should resolutely carry out various regulations on making leading cadres honest and self-disciplined, establish and perfect honest administration systems and mechanisms of incentive and restraint, lay focus on keeping leading cadres at and above the county level honest and self-disciplined, and, in particular, continuously intensify efforts to handle cases and do a good job in investigating and handling major and serious cases. Government functionaries should regard serving people as the highest purpose, honestly perform official duties, consciously standardize their words and deeds, be faithful in discharging their duties, and diligently perform official duties for people. Public security, taxation, industrial and commercial administration, auditing, price, and other law-enforcement departments and the units

which are closely related with people's interests should start anticorruption work in the posts and departments where dishonest behaviors emerge easily, realistically strengthen the construction of ranks, strengthen the consciousness of service, put an end to privileged behaviors, and use real action to safeguard the image of the party and the government among people. We should resolutely check unhealthy tendencies in various departments and trades, tighten financial and economic discipline, and lay focus on resolving the problems of wanton establishment of checkpoints and collection of fees and fines and establishment of unauthorized coffers in order to create a good climate for the healthy development of economic construction and various social undertakings.

Eighth, we should further transform government functions and realistically improve the style of work.

In line with the demands of establishing a socialist market economic system, we should further transform government functions and attend to organizational reform. The relationship between governments and enterprises should shift from direct management to indirect management, management should be shifted from microeconomic management to macroeconomic management, the means of management should be shifted from mainly relying on plans and administrative intervention to market regulation, and management methods should shift from management of departments to management of industries so as to make the government's function in managing the economy more compatible with the basic law of the socialist market economic development. All government functionaries and, in particular, various levels of leading cadres should emphasize politics, take the overall situation into account, and dialectically recognize and handle the relationship between the economy and politics and between the economy and other various tasks. They should adhere to the correct political orientation and stand, endeavor to improve political quality, enforce political discipline, and continuously devote great efforts to studying well and getting a good grasp of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and modern market economic theories. They should proceed from reality, further improve the thinking on development, and, in line with the standard of "three advantages," make bold exploration, have courage in practice, and creatively carry out their work. We should adhere to the work method of coming from the masses and going to the masses, listen to people's voice, care for their hardships, and eliminate their misgivings and difficulties in a down-to-earth manner. We should encourage people to tell the truth, do practical things, seek real results, make real achievements, deeply conduct investigation and study, pay close attention to the new problems and situations

arising from economic construction and social development, do a good job in resolving prominent contradictions existing in the course of progress and hot issues which are the primary concern of the masses, and unceasingly enhance the quality, efficiency, and level of government work.

Ninth, we should attend to this year's government work and make a good start for the Ninth Five-Year Plan.

The year 1996 is a decisive year to realize the 300-percent increase four years ahead of schedule, a starting year to carry out the Ninth Five-Year Plan, and an important year to effect two fundamental changes in the economy. To successfully carry out this year's government work and make a good start for successfully carrying out the Ninth Five-Year Plan is of great significance to current and long-term development. The fighting targets for Gansu's economic and social development in 1996 are: The GDP will reach 65.3 billion yuan, increasing by 9 percent; financial revenues will reach 7.5 billion yuan; the industrial growth rate will be more than 12 percent; peasants' per capita net income will reach more than 1,000 yuan; total grain output will reach 7.5 billion kg in normal years; inflation will be controlled at around 10 percent; and population will be controlled within the state's given quota at the end of the year. While promoting a sustained, rapid, and healthy economic development, we should further improve people's living standard as well as coordinate and develop various social undertakings. Therefore, we should attend to the following tasks:

1. We should strive to reap a bumper agricultural harvest. According to the forecast of meteorological departments, this year's precipitation might continue to decline. This objective situation decides that rural work should still focus on fighting a catastrophic drought, taking precautions against catastrophic natural calamities, relying on scientific and technological measures, and increasing output and income. In grain output, we should adhere to the principle of stabilizing areas sown to grains, grain reserves, and supportive measures, readjusting the structure of farming, increasing scientific and technological input, endeavoring to increase per unit area yield, and ensuring the increase of total output in order to encourage peasants to grow grains more. On the basis of stabilizing current agricultural investment, we should continuously increase the proportion of fixed asset investment, budgetary funds, and credit funds which are used in agriculture as well as guide and encourage rural collective organizations, township enterprises, peasants, and people to increase agricultural investment. We should unrelentingly carry out farmland capital construction and water conservancy works, ensure that this year's task for large-scale water con-

servancy projects will be fulfilled, quicken the pace of repairing and rebuilding small-scale water conservancy projects and current water conservancy facilities, energetically popularize water-efficient irrigation techniques, basically complete the construction for the "121" rainfall collection project, actively carry out experiments and demonstrations of irrigation of dry farmland with the rainfall previously gathered, and explore a new way for dry farming. We should expedite the development, research, and popularization of agricultural science and farming techniques, increase the proportion of good strains of crops, and lay focus on successfully popularizing and applying plastic sheet film techniques to increase the output of corn, wheat, and potatoes during this year. In township enterprises, we should lay focus on enhancing their efficiency and quality and strive to make them maintain a growth rate around 45-percent. In the development of rural pillar industries, we should lay focus on fruit production, animal husbandry, vegetable production, and the processing of farm and sideline products as well as making plans for establishing a number of leading enterprises and key projects. We should conscientiously carry out the project of tackling difficult problems in helping 4 million people out of poverty within seven years and spare no effort to tackle difficult problems on supporting the poor.

2. We should use in-depth reform to promote the stable growth of industrial production. In line with the ideology of "improving big enterprises and decontrolling and invigorating small ones," we should continuously deepen enterprise reform and pay close attention to successfully experimenting with the modern enterprise system. We should strengthen production management and coordination, ease the contradiction between power supply and demand, and make good arrangements for industrial and agricultural production. We should give full play to the role of bank departments as main channels in increasing the total amount of funds under planning so as to expand the effective supply of funds. We should endeavor to invigorate enterprises' funds, strictly enforce discipline, overcome man-made default, expedite turnover, and enhance the efficiency of using funds. We should further intensify efforts to integrate reform with reorganization, transformation, and the strengthening of management; continue to deeply carry out the activities of "transforming mechanisms, attending to management, strengthening self-improvement, and increasing efficiency"; lower cost; strengthen marketing; expedite the development of products; and enhance the level of management. We should actively promote the readjustment of organizational structure of enterprises; continuously adopt the method of giving different guidance to different cases in order to support, help, and promote the development of the enterprises in difficulty;

and carry out the system of responsibility for fulfilling deficit-reducing targets of money-losing enterprises within the prescribed time limit.

3. We should strictly control excessively fast price increases. Various levels of governments should really give top priority to price monitoring and management. They should continuously adopt such effective measures and methods as making administrative leaders responsible for price control, perfecting the system of "three funds and one savings," endeavoring to increase effective supply, strictly controlling demands, strengthening the management of market prices and the charges on public utilities, and strengthening price supervision. They should realistically do a good job in macroeconomic regulation and control and price supervision, prevent a situation in which prices rebound after declines, and strive to attain this year's price regulation and control targets.

4. We should make good arrangements for the people's lives. On the basis of last year's work, various levels of governments should organize people to further provide for and help themselves by engaging in production, advocate people's mutual assistance, realistically make good arrangements for allocating relief grains and funds, and guarantee basic living standards for bad-off people. For the difficulties in living of some especially difficult enterprise staffs and workers and urban dwellers, we should make good arrangements for their lives by opening up new production ways, providing social insurance and relief, and carrying out the activity of sending warmth.

5. We should continuously do a good job in opening up to the outside world. After the implementation of the state's three measures on foreign trade reform during this year, there will be a new change in the environment of opening up to the outside world. We should profoundly comprehend the essence of these reform measures. On the basis of endeavoring to reduce the cost in the course of earning foreign exchange, we should further optimize the organizational structure of foreign trade enterprises, expand the export of superior products, and enhance the level of foreign exchange earnings and settlement of exchange. We should continuously regard inviting outward investment as the priority of opening up to the outside world, do a good job in ensuring the input of funds for which contracts have been signed, and open up new channels to introduce more funds. To adapt to the new situation, we should readjust and perfect the policies and measures on encouraging the development of three types of foreign-funded enterprises so as to promote their faster development.

6. We should promote the coordinated development of various social undertakings. While attending to the material civilization construction, we should more consciously attend to spiritual civilization and coordinate and develop various social undertakings in order to achieve expected results in science and technology, education and culture, sports, family planning, and public security in line with the demands of the Ninth Five-Year Plan.

Fellow deputies, we earnestly hope that deputies, CP-PCC Committee members, and personalities from all walks of life step up efforts to supervise and give all-out support to the work of the government, help us eliminate our shortcomings? and insufficiencies, and make joint efforts to handle well the affairs concerning Gansu Province. We should unite with people of all nationalities across the province to quietly immerse ourselves in hard work, make arduous struggle, work hard for making the country strong and prosperous, deal with concrete matters related to work, concentrate on economic construction, promote all-round social progress, and make every endeavor to realize the Ninth Five-Year Plan and the long-term target for the year 2010.

PRC: Shaanxi Governor Reports on Government Work

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[Report delivered by Cheng Andong, governor of Shaanxi Province, at the fourth session of the Eighth Shaanxi Provincial People's Congress on 3 February concerning the draft outline of the Ninth Five-Year Plan for Shaanxi's economic and social development and the long-term target for the year 2010: "Rely on People of the Whole Province, Deepen Reform, Expand Opening up, Expedite Development, and Endeavor to Realize a New Leap at the Turn of the Century"]

[FBIS Translated Text] Fellow deputies:

The "(draft) outline of the Ninth Five-Year Plan for Shaanxi's economic and social development and the long-term target for the year 2010" has been submitted to this session. On behalf of the provincial people's government, I now submit a work report for your examination and approval along with the draft outline itself, and also for suggestions and comments from members of the provincial Committee of Chinese People's Political Consultative Conference [CPPCC] and from comrades who attend this session as observers.

I. People of the Whole Province Worked Hard to Conquer Natural Disasters for Two Years Running

to Smoothly Realize the Targets Set by the Eighth Five-Year Plan

During the Eighth Five-Year Plan period, under the guidance of Comrade Deng Xiaoping's important speeches and the guidelines of the 14th National Party Congress, Shaanxi's reform, opening up, and modernization drive entered a new development period. Breakthroughs were made in the economic restructuring aimed at establishing a socialist market economic system. A multi-layered and multi-directional pattern for opening up to the outside world began to take shape, and the economy was in high-speed development. Over the past five years, Shaanxi's GNP surpassed the expected target set by the plan, and the strategic target of quadrupling the 1980 GNP was realized five years ahead of schedule. A marked achievement was made in expediting scientific and technological progress, and central Shaanxi's high- and new-tech industrial development belt began to take shape in an embryonic form. Greater progress was recorded in rural economy. The grain production successively surpassed 10 billion and 12 billion kg, a harvest exceeding expectations was reaped in two disaster-ridden years, and the total income of township enterprises was quadrupled. Through restructuring and technical transformation with markets as the guide, the industrial production developed at a rate of 15.8 percent. Positive results were made in opening up to the outside world, and foreign export trade steadily developed at a rate higher than the development rate of the economy. Foreign capital input reached \$1.51 billion, three times that of the Seventh Five-Year Plan period. The investment in fixed assets totaled 111 billion yuan, increasing by 1.5 times over the Seventh Five-Year Plan period. A total of 68 backbone projects were completed in infrastructural facilities, basic industries, and technical transformation. Along with economic development and improved living standards, urban dwellers' per capita income spent on living expenses increased by 1,783 yuan, farmers' per capita net income increased by 433 yuan, and 1,896 administrative villages attained a moderate level of prosperity over the past five years.

The year 1995 was the last year for the Eighth Five-Year Plan, and also a decisive year to realize the targets set by the Eighth Five-Year Plan. In line with the provincial party committee's decision on attending to major tasks and their implementation as well as the resolutions of the 13th standing committee meeting of the eighth provincial people's congress, the provincial government organized and carried out the "rice sack" and "food basket" project, the "brand-name strategy" project, the project of "road construction, power supply, and telephone service," the project of opening up

to the outside world, the project of transforming major scientific and technological achievements, and the project for the comprehensive development of cultural, educational, and sports facilities. The implementation of the six projects brought along rapid economic development and all-round social progress. For the first time, Shaanxi's GNP surpassed 100 billion yuan and reached 103 billion yuan, increasing by 9 percent over 1994. Local financial revenues reached 5.1 billion yuan, increasing by 19.8 percent, and reached 9.5 billion yuan after including value-added and consumption taxes.

1. Rural economy developed in an all-round manner in a disaster-ridden year. In 1995, in face of a catastrophic drought rarely seen in the history, people of the whole province spared no effort to fight this disaster so that "rice sack" and "food basket" projects were successfully carried out and rural economy developed at a steady rate. The total agricultural output value reached 37.9 billion yuan, increasing by 4.5 percent over 1994. Total grain output reached 9.1 billion kg. The activities of complementing grains with the economy and subsidizing agriculture with industry were extensively carried out so that the output value of diversified business accounted for more than 45 percent of the total agricultural output value. The output of apples totaled 2.2 billion kg, and the output of vegetables and meat increased by 10 to 30 percent. The income of township enterprises totaled 75.2 billion yuan, increasing by 35 percent.

2. Effort was made to overcome the difficulties resulting from water and electricity outage so that industrial production maintained steady growth. In 1995, the industrial output value totaled 120 billion yuan, increasing by 15 percent over 1994, and the marketing rate of products was 94.9 percent. The output value of civilian goods produced by war industrial enterprises increased by 19.9 percent. Focusing on the brand-name strategy, various places added impetus to the readjustment of the product mix and technical transformation so that the investment in technical transformation totaled 7 billion yuan, 81 brand-name products were created, and the quality of products was enhanced.

3. The construction of key projects was strengthened, and significant achievements were made in road construction, power supply, and telephone service in rural areas. In 1995, the investment in fixed assets totaled 32 billion yuan, increasing by 13 percent over 1994. The system of taking responsibility for the construction of key projects, their progress, and their quality effectively ensured that key projects were put into operation, achieved desired capacity, and achieved expected results. The whole line of Xian-Baoji Expressway was open to traffic, Ankang airport was put into

operation, Weihe power plant's No. 5 and No. 6 generating units were put into operation, and part of the Beijing-Taiyuan-Xian fiber-optic project was put into operation. We built 5,877 km of roads in rural areas, making 99.8 percent of townships and towns and 79 percent of administrative villages accessible by highways; supplied power in another 20 townships and 192 villages; improved 198 rural telephone exchange centers, and provided telephone service in 99.1 percent of townships and towns.

4. Inflation significantly dropped, and people's living standard was continuously improved. Various levels of governments took price control as the priority task in macroeconomic regulation and control, improved all facets of this task, and devoted great efforts to increasing the effective supply of agricultural products so that the contradiction between supply and demand was alleviated, and retail price increases dropped from 25.9 percent in 1994 to 17 percent in 1995. Urban dwellers' per capita income spent on living expenses reached 3,046 yuan, representing an actual growth of 4.6 percent over 1994; farmers' per capita net income reached 963 yuan, increasing by 158 yuan over 1994, and 500,000 poor population were out of poverty in 1995. New housing totaling more than 100,000 square meters for the "adequate housing project" was completed, and construction of 1 million square meters was started.

5. The economic system reform entered a new stage of carrying out package reform and making breakthroughs in key areas.

In rural areas, the contract household responsibility system with remuneration linked to output and the two-tier management system that combines unification with diversification were consolidated and improved, a majority of peasant households extended the land contract term to more than 30 years, and the land use right to more than 4 million mu of "four types of wasted lands" were auctioned off. The enterprise reform aimed at the establishment of the modern enterprise system was unceasingly deepened. A total of 128 large and medium-sized enterprises established a modern enterprise system on a trial basis, more than 1,300 state-owned small enterprises were decontrolled and invigorated, and more than 30 enterprises were amalgamated. Six enterprise groups were newly established, the Rainbow Group was authorized to manage Huanghe Limited-Liability Company and Xian Radio No. 1 Factory and would amalgamate them at the right moment. The trial comprehensive coordinated reform in Xian city and the experimental work of optimizing capital structure in Baoji city developed in a healthy manner. The work of making an inventory and check of the stockpiles and capital of enterprises was comprehensively fulfilled across

the province so that the management of state-owned assets was strengthened. The work of popularizing the state public servant system in provincial-level organs was checked and accepted, and the organizational reform in prefectures, cities, and counties was expedited. Finance, banking, foreign trade, price, circulation, and other macroeconomic systems were deeply reformed so that the smooth transition of replacing the old system with the new one was initially realized. The revenue sharing system between the province and prefectures and cities was successfully carried out so that the local financial resources system was basically formed. New progress was made in reforming the social security system with old-age, unemployment, and medical systems as the main content as well as the urban housing system.

6. Opening up to the outside world developed to a higher level and in breadth and depth. After the people's congress examined and adopted the strategy of "using opening up to promote exploitation and using exploitation to seek development" in 1995, the provincial government held the work conference on using opening up to promote exploitation and issued seven policy documents on encouraging and attracting foreign businessmen's investment. In September, the provincial government held an investment and trade talk in Xian, signed 221 contracts involving foreign businessmen's direct investment worth \$730 million, and signed contracts involving domestic investment worth 2.18 billion yuan. A pattern of opening to the outside world with large and medium-sized cities "along the Eurasia continental bridge" as windows, with "foreign capital, trade, economic relations" simultaneously developed, and with stress laid equally on domestic and foreign markets began to take shape. Under the difficult situation of changes in exchange, tax, and interest rates, foreign export trade still reached \$1.28 billion yuan, increasing by 5.9 percent over 1994, direct foreign investment worth \$324 million was used, increasing by 36.1 percent, and the newly approved three types of foreign-funded enterprises increased by 272. A total of 440,000 tourists from areas outside the border were received, and foreign exchange worth \$139 million was earned, increasing by 23 percent. Some famous international large-scale enterprises and financial groups such as America's Coca Cola Company, Britain's Luoluo [name as transliterated] Company, ROK's Daewoo Company, and Japan's Itochu Shoji Co. Ltd. came to Shaanxi to discuss mutual cooperation.

7. Transformation of scientific and technological achievements was expedited, and educational undertakings thrived. Various levels of governments conscientiously carried out the strategy of invigorating the state by science and education and carried out the

"1851" plan for integrating science and technology with the economy. A total of 24 major industrialization projects defined by the provincial authorities were comprehensively started, of which, six projects under the direct command of the provincial government already achieved the embryonic form of industrialization or initial results. The super program-controlled switchboards developed by Xian's Datang Company passed state-level test and appraisal, which were capable of producing 200,000 to 300,000 lines a year and creating an output value of 120 to 200 million yuan. Enterprises located in some high- and new-tech industrial development zones in central Shaanxi increased to 3,000. Their total income of technical, industrial, and commercial sectors reached 5.5 billion yuan, increasing by more than 300 percent over 1994. The pace of educational reform, development, and restructuring was quickened. Another 220 towns and townships made six-year compulsory education universal, another 14 counties made nine-year compulsory education universal, and illiteracy was eliminated among 200,000 middle-aged and young people. Sound progress was made in pooling efforts of various sectors to establish and run colleges and universities, amalgamating colleges and universities, and unifying the standard for collecting fees. The students in vocational senior middle schools and secondary specialized schools accounted for 50.2 percent of the total students of senior middle schools. The vocational education center established by the provincial authorities saw the first batch of graduates. The "double-million" housing construction project for teachers was completed ahead of schedule so that more than 30,000 teaching and administrative staffs happily moved to their new houses.

8. The building of democracy and the legal system was further strengthened. Various levels of governments conscientiously carried out the resolutions of the people's congress and its standing committee; regularly reported their work to the people's congress; paid attention to strengthening contacts with various democratic parties, personages without party affiliation, and mass organizations; and extensively incorporated and accepted people's opinions and suggestions. In 1995 the provincial government handled 255 suggestions, criticisms, and opinions from people's deputies, 326 motions from CPPCC members, and more than 30,000 people's petitions. Nine local laws and regulations were submitted to the provincial people's congress for examination and approval, and the provincial government promulgated 14 administrative regulations.

The anticorruption struggle was unceasingly deepened. In 1995 3,471 discipline-breaking cases were investigated and handled, and 3,173 people were punished ac-

cording to discipline and the law, of which 10 were cadres at the prefecture and department level, and 126 were cadres at the county and section level. The comprehensive management of public security and the struggle of "giving stern blows to crimes" was further strengthened. The rate of solved criminal cases and major and appalling cases respectively increased by 3.3 and 3.7 percentage points over 1994. The wanton collection of fees and fines and arbitrary establishment of checkpoints on highways was effectively controlled. Propaganda and education in the dissemination of laws was extensively carried out, and the Second Five-Year Plan for publicizing laws was successfully accomplished.

9. New progress was recorded in the building of spiritual civilization and various social undertakings. Cultural and art, press and publication, and radio, film, and television workers created a number of good works and published a number of excellent books so that people's cultural life was enriched. Radio and television coverage respectively reached 75 percent and 80 percent. The feature film "Move Towards Brilliance," the TV series "Cattle in Qinchuan," the book "Cross-Century Generation," and other works won the national awards for "good books, good plays, outstanding dramas, outstanding movies, and convincing articles with original ideas." Cultural and entertainment markets were rectified, and activities of "cracking down on pornography and illegal publications" were carried out so as to purify the social environment. The work of protecting cultural relics was strengthened. Medical and health facilities were increased, and service ability was unceasingly strengthened. Success was achieved in hosting the "four-city festival," and faster progress was made in building sports centers and rebuilding stadiums and gymnasiums. Sports and health activity for all people was vigorously carried out, and mass sports were more popular.

The basic national policies of family planning, environmental protection, and the utilization and protection of land resources were carried out in a better way, the natural population growth rate decreased to 9.36 per thousand, some major polluted areas were brought under initial control, the land market was initially established, and the situation of occupying, misappropriating, and wasting cultivated land was curbed.

Significant achievements were made in combining efforts of armymen and civilians to build civilized cities, supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs, and supporting the government and cherishing the people. The people's own army and militia forces heroically went all out and made selfless dedication in participating in the construction of local key projects and in fighting natural calamities and rushing to deal with an

emergency, making the relationship between the army and the government and between army men and civilians even closer.

New achievements were made in civil administration, auditing, statistical work, record files, petition handling, meteorological work, people's air defense, seismic work, nationalities work, religious work, foreign affairs, and overseas Chinese affairs.

Fellow deputies, the practice during the Eighth Five-Year Plan period and in 1995 has proven that so long as we bear in mind the fact that development is the essential criterion, make concerted efforts in the central task of economic construction, and promptly eliminate unstable factors which exist in economic life, sustained, rapid, and healthy economic development can be maintained. So long as we resolutely carry out the basic principles of "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability" and correctly handle the relationship between reform, development, and stability, development can be expedited in the course of reform, reform can be deepened in the course of development, and long-term social stability can be guaranteed. So long as we act in line with the demands of the provincial party committee, "emancipate the mind, heighten spirits, attend to major tasks, and pay close attention to implementation of work," as well as do practical things for people in a down-to-earth manner, a good job can be done in mobilizing, protecting, and giving play to the enthusiasm of the broad masses of people. The party Central Committee and the State Council are very concerned about Shaanxi, and General Secretary Jiang Zemin has inspected Shaanxi three times in recent years and made a series of important instructions on Shaanxi's work in order to show us the direction for forging forward. Therefore, so long as we conscientiously carry out General Secretary Jiang Zemin's instructions and closely rally around the party Central Committee with Comrade Jiang Zemin at the core, we can overcome various difficulties, achieve various successes, and bring a promising Shaanxi into the 21st century.

Various achievements we have made over the past five years are the result of people's unity, struggle, and strenuous efforts. Therefore, on behalf of the provincial people's government, I wish to express my heartfelt gratitude to workers, peasants, intellectuals, and personalities of various circles across the province, to People's Liberation Army soldiers stationed in Shaanxi and armed police officers and men, to compatriots in Hong Kong, Macao, and Taiwan, and international friends who care for Shaanxi's economic construction, and to all com-

rades and friends who care for and support Shaanxi's economic development.

While fully affirming achievements, we should soberly notice the difficulties and problems which exist in the course of progress. A. The agricultural foundation is weak, the ability to fight natural calamities and take market risks is weak, and the passive situation of only relying on local resources still exists. The serious natural calamities for two years running have resulted in a serious difficulty in industrial and agricultural production and people's lives. B. The investment in fixed assets is insufficient. The proportion of Shaanxi's investment in the state's fixed assets decreased from 2.3 percent in 1990 to 1.7 percent in 1995, equivalent to merely one-fourth of some coastal developed provinces. Therefore, raising more funds, striving for more projects, and introducing more foreign capital is a decisive issue to which we should attach great importance. C. Infrastructure and basic industries still cannot adapt to the needs of economic development and people's lives, and the problem of lacking water, power supply, and roads is more prominent. At present, the whole province lacks around 10 million kWh of electricity a day, Xian City is short 500,000 tonnes of water a day, frequent water and power outages have caused strong resentment from people, and this has become a "hot issue" in social discussions. D. Breakthroughs have not been made in reforming the entire state-owned enterprises. The mechanism of enterprises is inflexible, economic returns are low, 38.4 percent of state-owned enterprises are losing money, and the volume of deficits has increased by 770 million yuan. Some enterprises have stopped their production or operated below capacity, afflicting more than 200,000 staff and workers. E. Though price increases in 1995 significantly dropped, the designated target for controlling inflation has not been attained, and inflation is still 2.2 percentage points higher than the national average level. F. There is a big gap between the income of Shaanxi's urban and rural dwellers and the national average level, and the problem concerning wage defaults in poor counties has not been solved. G. The public security of some places is bad. Though good results have been achieved in fighting corruption and advocating honest administration, this task is still arduous. Some government organs are still engaged in bureaucracy and formalism to a serious extent. To conscientiously solve these problems, we should start by changing mechanisms, readjusting the structure, and enhancing quality.

In the period of transition from the Eighth Five-Year Plan period to the Ninth Five-Year Plan period, when reviewing the past, there were great changes; when keeping the whole nation in mind, the situation is

pressing; and when looking forward to the future, our task is arduous. Therefore, we should strengthen the sense of historical responsibility, urgency, and mission; resolutely overcome the ideology of being satisfied with the existing state of affairs and having no intention of making progress; and resolutely abandon the viewpoint of underestimating our own capabilities and attempting nothing and achieving nothing. We should arouse ourselves to catch up with and surpass advanced provinces; advocate the pioneering spirit of making arduous struggle; fully mobilize the enthusiasm of cadres and the masses; give full scope to potential advantages; and seize new opportunities, create new advantages again, and realize a new leap amid severe challenges and intense competition.

II. Unify Ideology, Forge Ahead in Unity, and Endeavor To Fulfill the Ninth Five-Year Plan in Order To Lay a Solid Foundation for the Next Century's Big Economic Development

The next 15 years are an important period linking the past with the future, and also a historical turn for our province to store up advantages for future development under socialist market economic conditions and to invigorate Shaanxi's economy. We face not only severe challenges but also rare opportunities. The focus of the world's economic development is shifting from the West to the East, the economies of areas around the Pacific Ocean and East Asia in particular are flourishing, and China will resume its exercise of sovereignty over Hong Kong and Macao. This will provide broader space for our development. The state's great endeavor in central and western China's resource exploitation and infrastructural construction will quicken the pace of transforming Shaanxi's potential advantages into practical ones and optimize the allocation of essential production factors in the process of industrial reorganization. The fact that some labor-intensive industries and primary resource-processing industries in coastal areas have begun to shift to inland areas has provided a new opportunity for our province to introduce capital and techniques and for further cooperation between eastern and western China. The new Eurasia continental bridge has been linked up, and this has provided a more convenient passage for importing from the East and exporting from the West. It will also significantly improve Shaanxi's geographic conditions in the strategic pattern of China's opening to the outside world. In the practice of construction and reform for many years, we have accumulated rich experiences, established the development strategy and the thinking on our work, which are compatible with Shaanxi's actual situation, and have turned them into people's common will and conscious action. So long as we make the best

use of the situation, seize the opportunity, and forge ahead at a favorable moment, it is definite that we can stride into the 21st century with a brand-new stance.

The guiding ideology for Shaanxi's economic and social development during the Ninth Five-Year Plan period and further through to the year 2010 is this: We should persist in regarding Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics as the guidance; firmly grasp the general task of "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability"; and handle well the relationship between reform, development, and stability. We should conscientiously carry out the work principles of "emancipating the mind, heightening spirits, attending to major tasks, and paying close attention to the implementation of work"; vigorously implement the strategy of "using opening up to promote exploitation and using exploitation to seek development"; and expedite a change in the economic system and the economic growth model. We should base ourselves on Shaanxi's actual advantages, rely on scientific and technological progress, strengthen infrastructure, strengthen basic industries, foster superior industries, and develop the regional economy. We should increase comprehensive economic strength and raise the overall quality of the economy, develop export-oriented economy, and enhance the level of social civilization. We should strive to step-by-step narrow the gap between Shaanxi and eastern China in economic development.

Our fighting targets are as follows: Through five years' efforts, we should strive to increase GNP 540 percent above the 1980 level and per capita GNP 480 percent, ensure that people have a relatively comfortable life, and make Shaanxi rank among medium developed provinces and regions in the country. We should basically establish a socialist market economic system, basically build an industrial structure pattern and an economic system with fairly strong competitiveness, and basically form a modern market system featuring the circulation of information, commodities, funds, and talented persons inside and outside the province. By 2010, we should form a relatively perfect socialist market economic system, double per capita GNP above the level during the year 2000, and make people enjoy a more comfortable life.

To comprehensively realize the fighting targets for the next 15 years and, in particular, the Ninth Five-Year Plan period, we should give prominence to the following nine tasks.

1. We should let the change in the economic system and the economic growth model be manifest in the overall situation and comprehensively raise the quality and efficiency of the economy. In the current world,

the competition in techniques, quality, efficiency, and benefits has become the focus of economic competition. If we want to stand firm and win the initiative in the market competition at home and abroad, we should unswervingly change the economic growth model to rely on scientific and technological progress, improve the quality of laborers, and take increasing efficiency as a central task. Therefore, being the basic unit in social and economic activities, enterprises should take the lead in realizing "two changes."

To realize a change in the economic growth model, first of all, state-owned enterprises should shift their focus of management from production to capital. Aiming at increasing the value of capital, we should establish the efficiency targets of enterprises, and shift the focus of scientific management to promoting enterprises to increase the efficiency of operating capital. We should take capital management as the effective channel for establishing a modern enterprise system and a central task of enhancing the enterprise management level. Enterprises which are experimenting with the modern enterprise system should take the lead in carrying out capital management; enterprises with marketable products, good management, and high-quality managers should take the initiative in carrying it out; and other enterprises should also create conditions for carrying it out step-by-step. Relevant departments should formulate the suggestions for carrying out capital management as soon as possible, establish systems for evaluating and assessing enterprises' capital management, standardize the distribution of profits, implement a strict management responsibility system, and form a mechanism to encourage enterprises to exercise capital management and a restrictive mechanism to prevent short-term opportunistic behaviors. At the same time, we should establish special funds for maintaining and increasing the values of state-owned assets to ensure the reinvestment of capital. Through promoting capital management, the principles of regarding science and technology as a priority and taking markets as the primary concern and achieving intensive management and scaled efficiency should be manifest throughout the whole process of enterprise management so as to make enterprises really become the main body of capital input, scientific and technological progress, market competition, and scientific management, as well as to make factory directors and managers really become professional entrepreneurs and the managers of state-owned capital.

We should regard scientific and technological progress as the motive force to fully tap the internal potential of enterprises and lay a good technical foundation for changing the economic growth model. We should increase investment in technical transformation, optimize

the structure of new assets, and invigorate the use of reserve assets. The technical transformation investment during the Ninth Five-Year Plan period will increase by 100 percent over that during the Eighth Five-Year Plan period, and total investment will reach 46 billion yuan. In line with the thinking of "supporting superior and strong enterprises," we should channel half of the investment to technically transform the enterprises which produce brand-name products and the enterprises which produce competitive products whose sales rank among the top three in the country so as to make their technology and equipment attain the national advanced level. Aiming at the world's advanced level, the national defense industry should carry out technical transformation characterized by the integration of military and civilian industries in order to quicken the pace of developing products for civilian use. Focusing on a trans-century competition, we should boost enterprises' technological development and renovation capabilities by a large margin, promote large and medium-sized enterprises to establish and perfect technological development organs, establish high-level technological development centers in a planned way, and turn them into the primary motive power for the scientific and technological progress of various trades, professions, and fields.

Focusing on increasing the market coverage and share of brand-name products, we should carry out the strategy of large-scale companies, large-scale production, and intensive management. We should regard building up market competition advantages as the target and the combination of assets as the link to break barriers between various departments, trades, areas, and economic sectors. Through the methods of association, mergers, purchase of enterprises or shares, and trust management, we should concentrate various essential production factors on brand-name products and superior enterprises as well as establish some modern and large-scale enterprise groups which integrate science, industry, commerce, and trade. On the basis of unceasingly increasing economic efficiency, during the Ninth Five-Year Plan period, we should establish three to five "giant" enterprise groups with annual output value of more than 10 billion yuan and make them rank among the top 100 large-scale groups in the country. We should establish eight to 10 large-scale enterprise groups with annual output value ranging from 5 to 10 billion and cause them to become the pillars in supporting Shaanxi's economy and the "vanguards" in all trades and professions.

To realize a change in the economic growth model, we should deeply reform the economic system in order to create good conditions for intensive management. Focusing on resolving deep-seated contradictions and problems which exist in economic development, we

should pay close attention to one central task and three systems. We should attend to the central task of reforming state-owned enterprises so as to make the great majority of state-owned large and medium-sized backbone enterprises initially establish a modern enterprise system and realize innovation of systems and transformation of mechanisms at the end of this century. Besides, we should perfect a unified and open market system with orderly competition and give better play to the market's fundamental role in the allocation of resources. We should perfect a provincial-level economic regulatory and control system so as to strengthen the government's ability to use economic levers to regulate and control economic operation and realize unity between the government's behaviors and market mechanisms in the crucial point of "efficiency." We should establish a social security system and initially establish a many-layered social security system featuring the integration of social insurance, social relief, social welfare, and special care and placement of disabled servicemen and families of revolutionary martyrs and servicemen, and the integration of the social mutual aid fund and individual savings so as to safeguard social stability.

2. We should unwaveringly implement the strategy of "using opening up to promote exploitation and using exploitation to seek development." Opening up to the outside world is the only way to invigorate Shaanxi and make people prosper. On the premise of endeavoring to tap internal potential, we should broaden our field of vision to keep both domestic and foreign markets in view, add impetus to opening up, and enhance the level of opening up. In the course of promoting opening up, we should pay attention to the following aspects.

We should persistently lay equal stress on enhancing the quality of introducing capital and expanding the fields of using foreign capital. All fields should adhere to opening up to the outside world and bravely use foreign capital. Particularly, we should pay attention to developing cooperation with the world's famous large-scale financial groups, commercial corporations, and companies. We should channel foreign capital to infrastructure, basic industries, the technical transformation of old enterprises, and high-yield, good-quality, and high-efficiency farming so as to promote the development of a number of backbone projects and pillar industries with high technological content, large advantages in scale, strong promoting ability, and good economic returns. During the Ninth Five-Year Plan period, foreign capital input should reach more than \$2 billion.

We should persistently lay equal stress on increasing economic returns and expanding the scale of export. We should quicken the pace of market diversification. By the year 2000, foreign export trade should surpass

\$2 billion. At the same time, we should turn scattered small-scale business into large-scale business and turn single-line business into diversified business in an effort to seek the largest possible profits. We should vigorously establish general commercial corporations with foreign trade enterprises as the lead as well as multinational companies with export enterprises and three types of foreign-funded enterprises as the mainstay. We should energetically support industrial groups which constitute the pillars of exports, such as farm and sideline product processing, light industry and textiles, and coal industry; devote great efforts to developing the industrial groups based primarily on electronic and machinery products with high technological content; and endeavor to foster strategic industrial groups concerning the export of high- and new-tech products.

We should persistently lay equal stress on the opening of southern and northern Shaanxi and the opening of areas along the "Eurasia continental bridge" to the outside world. Xian, Baoji, Xianyang, Tongchuan, and Weinan cities along the new Eurasia continental bridge should take the lead in establishing an economic operation mechanism compatible with international practice and create the most vigorous economic growing points. In line with the demands for establishing a socialist export-oriented city, Xian City should expedite construction and development. Southern and northern Shaanxi should use foreign capital to expedite the exploitation of resources and endeavor to realize a super fast development.

We should persistently lay equal stress on opening to domestic areas and opening to foreign countries. We should introduce investment from abroad and establish lateral ties at home. Seizing the opportunity provided by the transfer of labor-intensive industries and funds from coastal areas to western China, we should attract more enterprises in other provinces to come to Shaanxi to establish offices, run factories, carry out joint operations, buy or hold shares, amalgamate local enterprises, and participate in the reorganization and optimal allocation of essential production factors. In line with the principle of mutual benefit, complementary advantages, and common development, we should perfect and improve the function and efficiency of regional and counterpart cooperation.

We should persistently lay equal stress on developing tourist products and expanding tourist markets. We should do a better job in building scenic spots featuring historic sites and protecting and building the old Yanan revolutionary site, develop southern and northern Shaanxi's tourism, make good preparations for building the Qin Tomb Museum and Zhouyuan Museum, strive to explore an emperor's tomb, and make good plans for

the domestic and foreign exhibition of cultural relics so as to integrate cultural relics with tourism, economy, and trade at a higher level. We should promote a number of tourist activities combining sightseeing, participation, and recreation. By the year 2000, tourists from outside the border and domestic tourists should respectively reach 750,000 and 30 million, foreign exchange earning from tourism should reach \$250 million, and the income in domestic tourism should reach 7 billion yuan so as to make tourism really become an important pillar industry of Shaanxi.

We should persistently lay equal stress on improving tangible and intangible environments. We should have good foresight to intensify efforts to build water and power supply facilities, roads, and information networks based on a high standard. In line with the international practice, we should improve the system and method for managing foreign-funded enterprises as well as establish and perfect the security guarantee system, the system of policies, laws, and regulations, the comprehensive service system, and the information support system. We should resolutely carry out the system of making the work of examining and approving foreign-invested projects a coordinated process and enhance the efficiency of handling affairs so as to make Shaanxi one of central and western China's hot spots in attracting investment from foreign businessmen.

3. We should always put agriculture first in the national economy. If we fail to develop agriculture, it will be hard to invigorate the economy. From the strategic perspective of invigorating Shaanxi and making people prosper, we should realistically strengthen the foundation position of agriculture, guarantee the steady growth of grains, cotton, oil-bearing crops, and other basic agricultural products, and ensure that peasants' income will increase at a fairly rapid rate. By the year 2000, total grain output across the province will reach 14 billion kg, poverty will be basically eliminated, and peasants' lives will be changed from simply having adequate food and clothing to attaining a moderate level of prosperity.

We should energetically improve the basic conditions for agricultural production. We should adhere to the principle of focusing on water conservancy and simultaneously developing water-efficient farming and dry-land farming, broaden sources of income and reduce expenditures, and make persistent efforts to vigorously attend to the farmland capital construction and water conservancy works. We should make full, good, and flexible use of various policies and increase investment in water conservancy facilities in a multi-channeled and comprehensive way. We should quicken the pace of building a number of large and medium-sized backbone water conservancy projects such as Donglei second-

phase projects for diverting the water of the Huang He; transformation of nine major irrigated areas in central Shaanxi; the project of diverting water from Hei He, Shitou He, and Malan He; and the project of diverting water from Fengjiashan reservoir to Yangmaowan reservoir. Besides, we should also expedite the project for the comprehensive development of the 600,000-mu farm and sideline products production base in the northern Yulin's beach areas. We should actively develop water conservancy facilities undertaken by non-governmental sectors and establish a large number of small-scale water conservancy projects with small investment but quick returns. At the same time, we should energetically develop water-efficient and dry-land farming, expand the scale of comprehensive agricultural development, and expedite the transformation of low- and medium- yield farmland. By the end of this century, the newly developed effective irrigated areas should reach 2 million mu, newly built water-efficient irrigated areas should reach 3 million mu, the areas of newly built "four kinds of farmlands" should reach 4 million mu, and 7 million mu of irrigated areas should be improved. We should intensify infrastructure construction in villages and towns, focusing on road construction, power supply, and telephone service. During the Ninth Five-Year Plan period, we should upgrade county highways, build asphalt roads in townships, build hard-surfaced roads in all villages, and make electricity supply and telephone service available to all villages.

We should persist in invigorating agriculture by science and education as well as enhance scientific and technological content in agricultural growth. We should energetically build "farmland capable of yielding one tonne of grain per mu," "farmland with per mu yield of more than 1,000 kg and income of more than 1,000 yuan," and high-yield dry-land farming fields; and by the end of this century, expand them, respectively, to 6 million mu, 5 million mu, and 6 million mu. We should actively promote the integration of agriculture, science, and education; further promote group contracts for agricultural science and farming techniques; and popularize the 10 series of applicable techniques such as the breeding of good strains and standardized cultivation in large tracts of lands in order to enhance the rate of converting and popularizing agricultural science and farming techniques. We should broaden the field for scientific and technological service as well as perfect county and township agrotechnology service organs so as to form a socialized service network for farming techniques. We should quicken the pace of implementing the "green certificate" project, develop rural vocational schools, vigorously spread technical education by means of radios and televisions, train a large number of rural technical personnel and managers who have a good grasp of ap-

plicable techniques and who know how to manage, and enhance the professional and technical quality of the new-generation peasants.

To meet the needs of domestic and foreign markets, we should actively readjust rural industrial structure and expedite the progress of rural industrialization. With our resources as the support and market demand as the guide, and aiming at achieving better efficiency, we should quicken the pace of fostering and developing 10 major leading industries concerning fruits, flue-cured tobacco, silkworm breeding and mulberry growing, and vegetables; focus on regional layout, specialized production, coordinated management, business management, and socialized service; and make their output value reach 80 billion yuan by 2000.

To develop agriculture and rural economy, in the final analysis, we should deepen rural reform and fully mobilize the enthusiasm of the broad masses of peasants. We should further stabilize the party's basic rural policies, actively explore a way for the optimum-scale operation of lands, establish a system for transferring the right of using "four kinds of wastelands," and pay attention to their ecology, management, and efficiency. We should encourage enterprises, units, and social groups to participate in the exploitation and management of rural "four kinds of wastelands," expedite the effective utilization of the resources of non-cultivated lands, and open up the "second battlefield for agricultural production."

4. We should energetically strengthen basic industries and infrastructure construction. During the Ninth Five-Year Plan period, the provincial authorities will invest more than 10 billion yuan in water conservancy, power supply, and information facilities and road construction each, as well as develop a number of major backbone projects. We should focus on fighting drought and undertaking new water conservancy projects, make unitary plans for urban and rural areas, give consideration to both industrial and agricultural needs, and quicken the pace of building water storage and diversion projects. We should start to build the project of diverting Hongshui He to Shitouhe Reservoir, the Nangoumen Reservoir, the Jinpen Reservoir on Hei He, and the Dongzhuang Reservoir on Jing He in order to increase water supply capability by 1.2 billion cubic meters, of which 600 million cubic meters will be used in industrial production and urban and rural water supply. We should focus on increasing main railway lines and rebuilding main highways so as to develop an unblocked, high-speed, and convenient transportation system. We should concentrate our efforts on linking up with main railways which connect southern and northern Shaanxi and railways for transporting Shaanxi's coal to other provinces. We should complete construction of

the Xian-Ankang Railway and the railway from northern Shenmu to northern Yanan and start to build the Xian-Nanjing Railway. We should complete construction of the expressway running through Xian and the Lintong-Tongguan Expressway and link up with the main Tongguan-Baoji line. We should complete construction of the Tongchuan-Huangling, Xiaoshangyuan-Lantian, and Famensi-Xitangyugang high-grade highways and of the Xian-Shangzhou and Huangling-Yanan-Yulin second-grade highways, open up some tunnels in Qin Ling, and ensure that traffic will be open in southern Shaanxi in the winter season. We should basically build various basic communication networks with fiber-optic telecommunication lines as the main lines of communication and digital microwave telecommunication and satellite telecommunication as the auxiliary lines of communication as well as make telephone subscribers rise to 7 per 100 persons from 2.2 per 100 persons. To strengthen Shaanxi's public information network construction, first of all, we should establish central Shaanxi's information network and link it with the national information network and international networks in order to form a rapid and multi-directional information system and expedite progress in making information on Shaanxi's economy available.

We should persist in giving consideration to both hydraulic and thermal power generation, expedite the exploitation of thermal power generation in central Shaanxi and hydraulic power generation in Han Jiang Basin, actively develop power stations at the mouth of coal pits in northern Shaanxi, and establish the Weibei and Shenfu thermal power generation bases. We should focus on completing construction of the Baoji No. 2 Power Plant, the Pucheng Power Plant, the No. 1 generating unit of the Hancheng No. 2 power plant, and the Huaneng-Dianta power plant, and the expansion of Shiquan hydropower generation station. We should start to build Fugu power plant and, at the same time, build power distribution networks so as to quicken the pace of transforming power distribution networks in Xian, Baoji, and other large and medium-sized cities. We should intensify the exploitation of coal, gas, and oil resources. We should expedite exploitation of the Shenfu, Yushen, Huangling, and Binchang coal mining areas, gas fields in the central parts of Shaanxi, Gansu, and Ningxia, and northern Shaanxi's oil fields. By the end of this century, we should expedite efforts to make Shaanxi a large energy province with annual output of 74 million tonnes of coal, 3 million tonnes of crude oil, 3 billion cubic meters of natural gas, and 9.3 million kilowatts of generating capacity, as well as cause it to become the base for the export of coal, electricity, and gas and the base for production by the coal chemical industry.

5. We should continuously carry out the strategic principle of laying a good foundation through education and invigorate Shaanxi through science and technology, and expedite implementation of the "1851" plan for integrating science and technology with the economy. We should strengthen scientific and technological development, foster rising industries, and transform scientific and technological advantages into economic and efficiency advantages as soon as possible. We should focus on building high- and new-tech industrial development belts in central Shaanxi, develop the scientific and technological results suited to the needs of markets, achieve first-rate industrial status relative to the rest of the country, upgrade development belts to the state level, and turn them into a modern "Silicon Valley" in western China. Through concentrating on existing scientific and technological achievements, we should focus on fostering eight major rising industries; develop 50 competitive products with high technological content, high added value, and large market share; establish 10 enterprise groups featuring advanced science and technology; and form four or five rising and pillar industries step-by-step in order to realize the target of making output value reach 50 billion yuan and profits and taxes reach 10 billion yuan. At the same time, serving the needs of the 21st century and aiming at the forefront position in world science, we should tackle difficult problems on major and key technologies, try to effect breakthroughs in areas where we enjoy superiority, and race to control a commanding point in the world's high and new technologies and development in industrialization in order to make good scientific and technological preparation for the further development of new and developing industries.

Scientific and technological development should depend on talented persons, and talented persons should be trained by education. Various government levels should deepen their recognition in making education a strategic priority, put comprehensive investment in place, and add great impetus to this work. We should realistically strengthen elementary education, energetically develop vocational and technical education, and unceasingly enhance the educational quality of colleges and universities. By the end of this century, we should basically make nine-year compulsory education universal and basically eliminate illiteracy among middle-aged and young people. We should establish a number of middle and elementary schools and vocational and technical schools which rank among the advanced schools in the country. On the existing foundation of colleges and universities, we should establish some first-rate and prestigious universities in the country. We should highly value people of talent, strive by every possible means to train a large number of trans-century talented people

to invigorate Shaanxi, give full scope to the role of talented people in economic and social development, build a system to attract and pool talented persons and cause them to come to the fore, and form a social environment for making the best possible use of men and their ability and making people of talent come forth in large numbers.

6. We should energetically develop the nonstate-owned economy and quicken the pace of fostering new economic growing points. Energetically developing the nonstate-owned economy is the strategic choice for realizing an economic leap by Shaanxi. Various levels of governments should open up a way and remove obstacles for development of the nonstate-owned economy; relax control in terms of policies; give them many-sided support; energetically promote their development; give them the same treatment in terms of policy implementation, loans grants, power supply, and transportation linkage as the state-owned economy; and strive to increase their proportion in the economic aggregate fairly considerably. We should adhere to the principle of greatly improving and developing township enterprises and make their total output value reach 200 billion yuan by the year 2000. Township enterprises should be relatively concentrated in small cities and towns. With backbone enterprises and brand-name producers as the lead, we should actively build "star teams" and pay close attention to building exemplary zones of township enterprises with total output value of more than 1 billion yuan and small key zones with total output value of more than 300 million yuan. Non-governmental enterprises should actively develop the integrated management of science, industry, and trade. We should establish experimental zones for non-governmental scientific and technological enterprises in places with a good scientific and technological foundation. We should continuously encourage various scientific and technological personnel in scientific research institutes and colleges and universities to establish and take the lead in establishing non-governmental scientific and technological enterprises. We should actively guide current non-governmental scientific and technological enterprises to open up new fields and carry out the "second pioneering program." Individual and private economic sectors are one of the major vigorous forces in the socialist market economy. We should perfect policies, optimize the environment, and strive to make the development speed of individual and private economic sectors higher than the national average level. By the end of this century, individual industrial and commercial enterprises should reach 1 million, private enterprises should reach 30,000, and the taxes paid by individual and private economic sectors to the treasury should account for more than 25 percent of Shaanxi's financial revenues.

7. We should persist in bringing out our strengths to make up for our weaknesses, give play to our advantages, and promote coordinated development of the regional economy. We should regard enhancing overall economic quality and competitiveness as the target, define development priorities and leading industries in line with the characteristics of resources and local conditions, and form three major economic belts with their own characteristics, prominent advantages, and close connection as soon as possible. Being one of the few areas with intense concentration of intelligence and technology and a place along the Eurasian continental bridge, central Shaanxi has an extraordinary economic and technological development foundation. Therefore, we should focus on Xian and Baoji state-level high- and new-tech development zones, expedite the construction of high- and new-tech industrial development zones in central Shaanxi, and gradually form comprehensive economic zones with a fairly high modernization level and fairly strong radiating ability in order to make Shaanxi a "big carrier" for transforming scientific and technological achievements and a "big economic plate" [jingji da ban kuai 4842 3444 1129 2647 1040] with the greatest vigor and vitality in central and western China. Mineral, biological, and water resources in southern Shaanxi are abundant, so we should pay close attention to building the Hanjiang industrial corridor and economic belt; add impetus to the exploitation of resources; upgrade processing; extend the industrial chains; form superior industries; and make Shaanxi the base for the production of raw materials, hydropower, and forest and special products. Northern Shaanxi has energy and animal husbandry resources, which attract the world's attention, so we should do a good job in building the development belt along the Great Wall for the exploitation of coal, electricity, and gas as well as the Dingbian- Zichang-Yanan-Huangling development belt for the exploitation of coal, electricity, and oil. Besides, we should use the investment from diverse sources to carry out large-scale and in-depth exploitation; and step-by-step turn these belts into bases of coal, electricity, oil, and gas and bases for the production of heavy and chemical industries and animal husbandry. We should develop a number of economically large and strong counties with GNP of more than 2 billion yuan or 3 billion yuan in three major economic belts so as to make them play a leading role in bringing along the invigoration of the regional economy.

8. We should carry out a sustainable development strategy and promote steady improvement of the economy, population, resources, and environment. In the next 15 years, we will face the important tasks of developing the economy, controlling the population, saving resources, and improving the environment. While realizing a high

rate of economic growth, we should make population growth adapt to development and production and promote the coordination of economic construction, resources, and the environment. By the year 2000, we should keep the total population under 37 million, strive by every possible means to reduce occupation and consumption of resources, strengthen the management of land, strictly control the land for construction use, adhere to the principle of giving consideration to both using and exploiting land resources, and control the amount of cultivated land used for other purposes to under 100,000 mu annually. We should actively carry out a "plan of action for protecting Shaanxi's natural environment"; harness the Wei He; ensure that the environmental situation of major areas will be improved; and persist in synchronizing the planning, implementation, and progress of economic development, urban and rural construction, and environmental protection. We should energetically develop ecological agriculture; quicken the pace of planting shelterbelts in northeast, north, and northwest China and along the banks of the Chang Jiang; basically eliminate barren hills suitable for the development of forests by 1998; and realize the target of making the whole province green by the end of this century.

9. We should adhere to the principle of "simultaneously attending to two tasks and achieving success in both" and place the building of socialist spiritual civilization in a more prominent position. To realize the Ninth Five-Year Plan and the long-term target for the year 2010, we should further strengthen the building of socialist spiritual civilization in order to provide strong mental impetus and an effective ideological guarantee for economic development and social progress. We should unremittingly educate cadres and people with Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics, unremittingly carry out education in a pioneering spirit in the new period, and encourage cadres and people to carry forward the Yanan spirit and struggle arduously in order to make contributions to invigorating Shaanxi. We should unremittingly carry out education in patriotism, collectivism, socialist ideology, and the revolutionary tradition; strengthen ideological and moral construction; and guide cadres and people to consciously resist the corrosive influence of money worship, pleasure seeking, and extreme individualism in order for them to establish a correct outlook on the world, life, and values and train them to be socialist-minded citizens with ideals, ethics, education, and a sense of discipline. We should strive by every possible means to raise funds, increase investment year-by-year, bring the project for the building of spiritual civilization into line with the tans-century plan for invigorating Shaanxi, and unceasingly increase the proportion of investment. We

should develop press, publication, radio, television, culture, cultural relics, and social science research undertakings. In line with the orientation of "serving people and socialism" and the guiding principle of "letting one hundred flowers blossom and one hundred schools of thought contend," we should make cultural undertakings flourish and satisfy urban and rural people's demands in spiritual civilization. We should persist in carrying out the activity for building mass spiritual civilization as well as unceasingly improve the activities of establishing civilized units, civilized villages and towns, civilized cities, and families with five merits, and "make excellent achievements and criticize the inferior." We should further strengthen the building of democracy and the legal system in order to create a good social environment for reform, opening up, and economic development.

III. Make a Good Start for Successfully Carrying out Various Tasks in 1996 in a Down-to-Earth Manner

The year 1996 is the starting year for carrying out the Ninth Five-Year Plan, so we should pay attention to key points, tackle difficult ones, do solid work, and win the first battle for the Ninth Five-Year Plan. We should conscientiously carry out the guidelines of central and provincial economic work conferences as well as realistically attend to the "two changes" in the economic system and the economic growth model in order to promote all-around economic and social development. According to the whole year's plan, GNP will reach 122 billion yuan, increasing by 10.5 percent over 1995, and local financial revenues will reach 5.714 billion yuan, increasing by 12 percent, and they will amount to 10.66 billion yuan after including central added-value and consumption taxes. The retail price increases of commodities will be controlled under 13 percent, and the natural population growth rate will be controlled under 11 percent per thousand. With the confidence and the fighting will of winning the first battle, we should make a good start for realizing the trans-century grand blueprint.

1. We should strive by every possible means to win a bumper harvest in this year's agriculture. Because the drought has continued even after two successive catastrophic drought years, the task of reaping this year's agricultural harvest is very arduous. Therefore, we should overcome the ideology of slackening vigilance and the idea of leaving things to chance, make good preparations for fighting catastrophic drought and taking precautions against catastrophic natural calamities, and make plans as early as possible and go all out to successfully fight drought. At present, we should take fighting drought and keeping a full stand of seedlings

and spring seeding as the number one task. We should give priority to drought-resistant agricultural production in terms of power use, the supply of chemical fertilizer, seeds, diesel oil, and the means of production, and the input of funds.

Through self-examination in catastrophic natural calamities, we should more consciously attend to farmland capital construction and water conservancy works and ascertain financial and credit funds for key water conservancy projects as soon as possible. In 1996, we should establish some counties which set an example in water-efficient agriculture as well as increase by 800,000 mu the farmland that can yield one tonne of grain per mu and increase by 1 million mu high-yielding farmland for dry-land farming. At the same time, we should protect farmland according to the law, pay close attention to establishing the basic farmland protection system, ensure that areas sown to grains will reach more than 61 million mu, strictly prohibit building orchards in high-yielding grain fields of irrigated areas, and fulfill the work of defining basic farmland protection areas.

We should expedite the progress of agricultural industrialization. Focusing on 10 major agricultural industrialization projects, we should do a good job in popularizing farming techniques and contracting agricultural science and farming techniques, as well as carry out intensive management and a series of in-depth exploitations. We should energetically develop cotton production, strive to plant 1.5 million mu of cotton, and make their total output reach 75,000 tonnes. For the fruit industry which has formed scaled advantages, we should pay great attention to stabilizing areas, improving quality, increasing added value by processing, and enhancing overall efficiency. At the same time, we should further expand the production scale of mulberry-feeding silkworms, vegetables, meat, eggs, milk, and other major farm and sideline products.

For township enterprises, on the basis of attending to the "Grade A Team," we should actively foster the "Star Team" in order to expand their scale and upgrade their level. We should strive to make breakthroughs in the in-depth exploitation of farm and sideline products, the exploitation of mineral resources, the tertiary industry which supports the development of large-scale industry and serves cities and towns, and foreign exchange-earning exports, and strive to make their total output value reach 100 billion yuan.

This year is International Poverty-Eradication Year. We should intensify efforts to tackle difficult problems on supporting the poor and then help 700,000 people out of poverty. We should continuously attend to the project of

using science and technology to assist the development of poor areas in northern Shaanxi, conscientiously attend to the experimental and preparatory work of using World Bank loans to assist the poor in 10 counties in southern Shaanxi, strive to obtain approval, and make plans for putting funds in place as soon as possible.

2. We should take improving state-owned enterprises as the central task and actively promote reform of the economic system. In order to quicken the pace of experimenting with the modern enterprise system, the 24 enterprises designated as the first group to experiment with the modern enterprise system should carry out this system as soon as possible and standardize operation. Twenty-six enterprises designated as the second group should also experiment with this system during 1996. The experimental work should focus on resolving the problems concerning the excessively high liability rate of state-owned enterprises, too many surplus personnel, and overly heavy social burdens. We should achieve substantial progress in capital management and gain experiences in setting a norm for authorizing enterprise groups to manage state-owned assets. In line with the guiding principle of "improving large enterprises and decontrolling and invigorating small ones," we should concentrate on 100 superior enterprises and, in particular, 43 key enterprise groups. We should designate the Rainbow, Xifei, Xidian, and Changling large-scale enterprises to set an example in the comprehensive reform, reorganization, and transformation in order to for them to become large-scale companies and groups suited to the competition of domestic and foreign markets as soon as possible. We should energetically develop limited-liability companies in which investment comes from diversified sources, as well as restructure a number of large and medium-sized enterprises, which have good business performance and administration and conform to the industrial policy, into limited liability stock companies. If conditions permit, through the means of the differential land rent, we should strive to let money-losing and pollution-creating enterprises in golden areas retreat from low-level processing industries and shift to the development of tertiary industry, move to other places, change their lines of production, or transform them into other economic entities. We should continuously study and draw on the experiences from Hancheng City and some cities in Shandong and proceed from reforming the property rights system. Through strictly evaluating assets and on the premise of ensuring that the values of state-owned assets will be maintained and increased, we should boldly reorganize state-owned enterprises by way of association, mergers, shareholding cooperation, leasing, contracting, auctions, trust management, and bankruptcy; relax control to the form of reorganization; invigorate production and management;

and promote the fluidity and reshuffling of the assets of state-owned small enterprises. Particularly, greater progress should be recorded in mergers and bankruptcy. We should do a better job in making Baoji and Xian cities experiment with optimization of the capital structure and strive to make Xianyang City also experiment with this practice.

Focusing on changing the mechanism and establishing the system of state-owned enterprises, we should deepen various forms of coordinated reform. We should actively popularize chain-store operations, warehouse marketing, the distribution of goods and materials, direct marketing, the proxy system, and other forms of marketing so as to promote the modernization of circulation industries. We should unceasingly expand and develop financial markets for securities, foreign exchange, discounted notes, short-term money lending, and insurance, which are influential in northwest China, as well as standardize and develop labor markets, talent markets, real estate markets, and information markets. We should continuously perfect the revenue-sharing financial system between the province and prefectures or cities and between prefectures or cities and counties. We should strengthen the unified management of the organs for evaluating assets. We should straighten out the social security management system step-by-step. We should establish unified social security management organs as soon as possible. We should conscientiously do a good job in making Xian and Baoji cities experiment with the reform of old-age insurance and make more people take part in unemployment insurance. We should deeply reform medical service and housing systems.

3. We should expand the degree of opening up and enhance its level. Being cities along the Eurasian continental bridge, Xian, Baoji, Xianyang, Tongguan, and Weinan should cooperate in inviting more investment from outside and strive to launch several large-scale projects which affect the overall situation of the economy. Development zones should carry out development in a coordinated manner on large tracts of land and work to meet the needs of certain functions, and small zones for investment by Taiwanese businessmen and overseas Chinese should be established to form new economic growth points. Southern and northern Shaanxi should work in concert with central Shaanxi and count on mutual support. We should improve a number of exemplary three types of foreign-funded enterprises and make use of domestic capital in a more effective and better way. We should devote great efforts to successfully holding the "Hong Kong investment promotion trade talk" and the "Xian investment and trade talk," achieve desired results, reduce expenses, and hold more meetings by these trade talks.

In foreign trade, we should adapt to the new situation of reform in the three taxation systems on foreign-funded enterprises; endeavor to realize a change from focusing on trade to integrating trade, industry, agriculture, and technology; realize a change from focusing on exports to promoting diversified business; realize a change from laying particular stress on developed countries to laying equal stress on developed and developing countries; and ensure that the import and export volume in 1996 will total \$1.8 billion. We should pay close attention to establishing two or three foreign trade group companies in the embryonic form of general commercial corporations as well as establish five large-scale enterprises whose export volume exceeds \$100 million, five whose exports exceed \$80 million, and five whose exports exceed \$50 million. We should seize the opportunity to reform foreign aid work in order to expand the international construction contract and labor service exports, encourage enterprises with appropriate conditions to participate in foreign-aid work, and establish enterprises in developing countries so as to bring along the export of equipment, technology, and materials.

We should persist in laying equal stress on international and domestic tourism, and in 1996 strive to attract 500,000 foreign tourists and 23 million domestic tourists and make total income in tourism surpass 5.5 billion yuan. We should open up tourist programs for tourists to participate in certain activities — the tour of loess customs and practices, the peasant household tour, the tour of historical sites of the three kingdoms, and other significant tours. We should open up cable cars on Huang Shan as soon as possible, strengthen construction of the scenic spot of Famen Temple, improve the coordinated facilities for the scenic spot of the "Terra-Cotta Warriors of the Qin Dynasty," and build up the world-level hot tourist spot featuring "three points and one line." We should strengthen tourist propaganda, further tourist business, and conscientiously make plans for "1996 as the year of leisure and tourism." We should make full use of the increased airlines between Xian and surrounding countries and areas and unceasingly attract tourists from the Asia-Pacific region and, in particular, Japan and the ROK.

4. We should give priority to educational development, and should strengthen scientific and technological development. We should devote great efforts to conducting the education in the "basic national conditions and basic line"; should fulfill the task of universalizing six-year compulsory education in 111 townships and towns, and nine-year compulsory education in 23 counties and districts in 1996; should eliminate illiteracy among 150,000 middle-aged and young people; and should actively de-

velop a many-layered and multi-faceted vocational and technical education. We should do a better job in running the provincial vocational education center, and should focus on training leaders in making rural areas prosperous. During the first half of the year, we should accomplish the amalgamation of the Shaanxi Industrial and Commercial Institute, the provincial financial college, and the provincial commercial college so as to establish the Shaanxi Economic and Commercial Institute. We should expedite the amalgamation of the Shaanxi Engineering Institute and Hanzhong Teacher's College. We should make good preparations for establishing the Shaanxi Business Administration Institute for students pursuing master's degree, and should strive to enroll new students during this year so as to train professional entrepreneurs. We should actively support the "211" construction project of Xian Jiaotong University, the Fourth Military Medical University, the Xibei Engineering Institute, the Xian Highway Transportation University, and the Xian Electronic Science and Technology University as well as strive to enable Xibei University to be included in the "211 project" as soon as possible. Through continuously adopting the methods of expanding expenditures in education, collecting full-amount educational surcharges, raising funds from social sectors, and giving financial aid to poor students, we should do a good job in running schools with funds raised from various channels.

We should strengthen scientific and technological development. Focusing on developing high-yield, good-quality, and high-efficiency agriculture and increasing industrial efficiency, we should make plans to tackle major and key difficult scientific and technological problems and to popularize major key scientific and technological achievements. We should quicken the pace of establishing high- and new-tech enterprises in high- and new-tech industrial development belts in central Shaanxi. While attending to the six industrialization projects, in 1996 the provincial government should screen and select more leading projects.

We should expedite the selection of major academic leaders and energetically promote the implementation of the third five-year project for training talented personnel and the plan for nurturing 50 scientific and technological new stars. We should monitor, train, and support 100 trans-century middle-aged and young scientific and technological key members. We should continuously improve material benefits for teachers, and confer high-ranking titles to 3,000 middle and elementary school teachers. Except for the state-assigned quota of community-sponsored teachers to be converted to state-sponsored teachers, the provincial authorities should arrange the change of the status for another 4,000 to

5,000 teachers. We should expedite the implementation of "comfortable housing projects" and focus on resolving housing problems for middle-aged and young science, technology, and education workers.

5. We should carry out the brand-name strategy and attend to industrial production. In 1996, industry should maintain a 16- percent development rate, the comprehensive economic efficiency index should increase by 4 percentage points over 1995, and efforts should be exerted to make the investment in the technical transformation of local state-owned units total 4.5 billion yuan. In industrial production, we should realistically give top priority to improving quality, increasing variety, and increasing efficiency. The quality of products should be appraised by international standards. Focusing on the implementation of the brand-name strategy, we should expedite the readjustment of the product mix; strive to create 60 brand-name products during this year; and endeavor to create a social environment for creating brand-name products, guaranteeing their quality, and energetically publicizing and promoting their sales. We should strive to turn good-efficiency and good-selling products into brand-name products.

We should further strengthen the internal management of enterprises and extensively carry out the activities of "enhancing the marketing rate of products, the rate of operating capital, and the quality of products as well as of reducing production costs." We should make specific analyses for money-losing enterprises, make plans for improving them, and invigorate them step by step. We should strengthen the comprehensive coordination of industrial production; promptly help enterprises resolve the difficulties and problems arising from their production; and make good plans for and coordinate funds, power, coal, and transportation.

6. We should concentrate on the construction of key projects. In line with the principle of "ensuring the construction of key projects, investment in key projects, and the quality of round-off projects," we should pay attention to successfully carrying out 43 major projects concerning agriculture, water conservancy, roads, power supply, and communication. We should ensure that the Weihe Chemical Fertilizer Plant will be put into operation in February; that the Linwei Expressway will open to traffic in 1996; that the No. 2 generating unit of the Pucheng Power Plant will begin generating electricity in 1996; and that the main part of the Donglei second-phase project for drawing Huang He water will be completed this year. We should ensure that the following projects will be started in the first quarter of this year: the renovation and expansion of the Baoji second power plant and the Shaanxi Chemical Fertilizer Plant, the Jingbian-Xian natural gas pipes,

and the Jinpen reservoir on Hei He. We should ensure that construction of the Weinan-Tongguan Expressway and the Lantian-Xiaoshangyaun 312 State Highway will be started during the second half of the year. At the same time, we should strive to start the project to expand the Yanan Oil Refinery, and should start the first-phase gold mining project of the Jianchaling nickel-gold mine. We should make good preparation for the early-stage construction of Dongzhuang Reservoir, the Hancheng second power plant, and the Yanan power supply project. We should step up efforts to manage the construction of projects throughout the entire process, strictly examine the budgetary estimate of projects, reduce the cost of projects, reduce waste and loss, and increase investment returns. We should actively carry out the system under which leaders should take responsibility for contracting key projects so as to ensure the progress and quality of projects.

We should adhere to the principle of "placing equal stress on broadening the sources of income and on reducing expenditures"; should keep an eye on long-term interests; should pay close attention to the current situation; and should make up our mind to resolve the urgent problem of water shortages and power outages. Through tapping potential and conservation, we should save energy, reduce consumption, and strengthen arrangements to make sure that power and water will not be cut off during the spring festival period. At the same time, we should organize funds, apply pressure to ourselves, go all out, and make a concentrated effort to ensure that the No. 1 generating unit of the Pucheng Power Plant will be put into operation during the first quarter of this year and that the Weiyang No. 2 line of the Weihe Power Plant will be completed so as to increase daily power supplies as much as possible. We should try to divert Shitou He water into Xian by June so as to increase the daily water supply capacity by 300,000 tonnes. In this way, power and water shortages can be eased to some extent. In view of the inconveniences and trouble in industrial and agricultural production, and the people's livelihood caused by water and power outages, government leaders and people's public servants should, just like General Secretary Jiang Zemin said, "toss about in bed and have no appetite"; should have the people's interests in mind; should be eager to meet the needs of the people; and should do what the people look forward to. The provincial government will spare no effort to develop water and power supply projects as soon as possible in order to create a basic condition for people to live and work in peace and contentment.

7. We should strictly control prices and standardize market behaviors. In 1996, we should continuously take controlling inflation as the number one task in macroe-

conomic regulation and control, and should continuously carry out the system under which commissioners (mayors) take responsibility for price control. We should ensure that the guiding principle of price control will not be changed, that endeavor in this work will not be slackened, and that the impetus will be not weakened. We should devote great efforts to attending to the "rice sack" and "food basket" projects, achieve a good balance between the total supply and demand of essential commodities, and increase effective supplies so as to stabilize market prices. We should improve the funds system for regulating prices of nonstaple food at the provincial and prefecture levels and in 10 cities. We should intensify efforts to fight against sudden huge profits, and should supervise and check prices as well as focus on investigating and dealing with the behavior of reaping sudden huge profits in 18 kinds of commodities and service items. We should strictly put goods on sale with the prices clearly marked, and step by step, should make businessmen bill market transactions. At present, we should realistically do a good job in the supply of goods and the management and supervision of prices during the Spring Festival period in order to ensure that market prices will be basically stable.

We should standardize business behavior and guarantee open, fair, and equal competition. We should deeply carry out the struggle to "fight against fake products" so as to safeguard the image of Shaanxi's products within the markets. We should bear in mind the lesson learned from the sluggish sales of Shaanxi wool, long and thin hot peppers, and other products, as well as the unsatisfactory sales of apples in some coastal areas in 1995. Thus, we should resolutely crack down on the behavior of replacing good products with inferior ones, giving short weight, and selling adulterated goods. Industrial and commercial, taxation, and price departments should monitor and manage the entire course of selling staple farm and sideline products in order to realistically protect the interests of producers and consumers.

8. We should actively foster financial resource, tighten financial and economic discipline, and do a good job in banking work. We should emphasize attending to the buildup of backbone financial resources and corporate ones. The provincial authorities should focus on attending to 48 backbone financial resource projects; prefectures, cities, and counties should also attend to financial resources projects that can strengthen local financial strength. In 1996, we should strive to make 10 counties attain the designed target for financial resources construction one year ahead of schedule. In banking work, we should actively make plans to attract people's savings, broaden the channel for money

lending, optimize the credit structure, enhance the quality of services, and support economic development.

We should energetically rectify and strengthen financial and economic discipline. Financial, taxation, banking, auditing, and supervisory departments should further perfect laws and regulations and strengthen supervision and management. We should add impetus to tax collection and management; should establish and perfect tax payment declaration systems; should strengthen taxation checks; should resolutely crack down on the law-breaking behavior of tax evasion and fraud; should strengthen the collection and management of individual income taxes, urban land use taxes, added-value taxes, resource taxes, and special agricultural product taxes; and should ensure that budgetary financial revenues are achieved. Various charges, funds, and other extra-budgetary funds should be managed by saving them in special financial accounts so as to strengthen financial supervision.

9. We should further improve the people's standard of living and endeavor to enhance their quality of living. In 1996, the per capita income of urban dwellers should register an actual growth of around 5 percent after allowing for inflation, and the per capita net income of peasants should increase by 207 yuan. Through comprehensively using policy support and various employment means, we should strive by every possible means to attract new labor forces, and should make the reemployment rate total more than 50 percent. We should further pay close attention to the construction of "comfortable housing projects" so as to increase the per capita living space of urban dwellers to some extent, and increase the proportion of complete sets of housing for each household. We should actively improve the conditions for people's health and health protection, comprehensively prevent and control endemic and occupational diseases, and strive to make more than 60 percent of counties reach or basically reach primary health standards. We should actively control environmental pollution and enhance the rate of comprehensively controlling "waster water, gas, and materials." We should do a good job in planting trees everywhere and in making cities green in order to create a clean and beautiful living environment for our people.

We should realistically make good arrangement for the livelihood of people in disaster areas and especially difficult urban staff members and workers. We should establish the disaster relief responsibility system at each level and make grass-roots units and responsible persons realistically attend to this work. We should actively organize people to provide for and help themselves by engaging in production. The state's money and grains for disaster relief should be put in place on time in order

to ensure that people in disaster areas can happily spend the Spring Festival without the threat of famine. We should make good arrangement for the livelihood of the staff members and workers of enterprises which have stopped operation or operated under capacity, retirees, and low-income earners. We should carry out various aid-the-poor policies, raise aid-the-poor funds, perfect coordinated measures, and realistically help poor people resolve their actual difficulties. We should pay out on time the lowest wages, unemployment relief payment, and financial subsidy which have been defined so as to ensure peace of mind of people and social stability.

10. we should do a good job in family planning and strictly control the population growth. We should adhere to the system of making top leaders personally attend to and take full responsibility for family planning. We should continuously give "yellow card" warning and carry out the regulation to negate all work achievements for failure in family planning work. We should resolutely investigate and punish cadres who have children beyond childbirth quota. We should advocate late marriages and late childbirth and do a good job in prenatal and postnatal care. In the family planning work, we should lay focus on rural and floating population, concentrate on densely populated areas in Central Shaanxi and counties with a large population, and improve backward areas' family planning work. We should increase more funds for this work, strive to basically establish family planning service stations in various townships and towns by the end of this year, and strive to make 40 percent of counties integrate family planning with farmers' endeavors to develop the rural economy, to shake off poverty and become prosperous, and to refine family life and make it more enjoyable. We should adopt comprehensive measures to control population and endeavor to coordinate the development of population, the economy, and the society.

11. We should strengthen spiritual civilization and the building of democracy and the legal system in order to provide an important guarantee for reform, opening up, and modernization drive. The party Central Committee has defined the spiritual civilization with focus on strengthening ideological, moral, and cultural construction as the theme of the sixth plenary session of the 14th CPC Central Committee. We should regard this as the guiding principle so as to more effectively attend to spiritual civilization construction. We should arm people's minds with scientific theories, guide them in correct public opinion, remold them with lofty ideals, inspire them with excellent literary works, and energetically train socialist-minded citizens with lofty ideals, moral integrity, a good education, and a strong sense of discipline who are willing to make selfless dedica-

tion for the construction of four modernizations. The press, publication, culture, radio, film, and television departments should produce more good works. We should strive to make three or four works win the prizes for "good books, good plays, outstanding dramas, outstanding movies, and convincing articles with original ideas." We should actively organize literary and art activities in rural areas so as to enrich rural cultural life. We should pay close attention to southern Shaanxi's microwave transmission construction and northern Shaanxi's microwave transmission transformation so as to transmit our television and radio programs into satellites. We should attend to the construction of libraries, art museums, the big cultural world, the scientific and technological information mansion, and the Shaanxi exhibition center as well as perfect the organs for managing cultural relics in 7 prefectures and cities and 35 counties. We should strengthen the protection and utilization of the old Yanan revolutionary site and greet the 60th anniversary of the Party Central Committee's entering and stationing in Yanan with real action. We should make good plans for building sports facilities, expedite the progress of building the Shaanxi stadium and the health center for all people, make severe check on the quality of construction, strive to establish the "Luban Award," and realistically do a good job in holding the "university students games."

Various levels of governments should consciously accept the legal supervision of the people's congress and its standing committee; unceasingly strengthen contacts with the CPPCC Committee, various democratic parties, industrial and commercial federations, and personages without party affiliation; adhere to and perfect the system of holding joint meetings with trade unions and mass organizations; and take the initiative in accepting democratic supervision. We should unceasingly promote national unity and give full play to the role of minority nationalities in socialist modernization drive. We should do a better job in handling petitions and maintain close ties with people. We should strengthen and improve administrative law enforcement, carry out the administrative law-enforcement responsibility system, and standardize law-enforcement behaviors. We should conscientiously do a good job in administrative reconsideration and petition handling. We should carry out the dissemination of the third five-year plan for the education to publicize laws, enhance the sense of protecting intellectual property rights in society, and unceasingly strengthen people's consciousness of handling affairs according to the law.

We should do a better job in the comprehensive management of public security, actively carry out activities to establish public security exemplary counties, and

strive to maintain a good social order. We should continuously adhere to the guiding principle of "simultaneously cracking down on and preventing crimes and taking stopgap and radical measures" as well as give stern blows to various criminal and economic crimes. We should lay focus on cracking down on serious violent crimes, major and serious economic crimes, and urban and rural criminal gangs with vicious power. In line with local conditions, we should attend to regional and specific management. We should step up efforts to manage the public security of public places of entertainment, special trades, open markets, and labor service markets. We should deeply carry out activities of "cracking down on pornography and illegal publications" as well as resolutely investigate, deal with, and ban such social evils as prostitution, drug addiction and trafficking, manufacturing and selling pornographic products, and gambling so as to further purify the social environment. We should persist in strictly managing police departments, strengthen the construction of grass-roots public security organizations, continue the police patrol in large- and medium-sized cities, gradually establish and perfect the public security system of pooling manpower, material, and technical resources for prevention, and energetically increase the preventive capability of residential quarters and downtown districts. We should do a good job in experimenting with a new social public security system in Baoji city, gain experiences, and spread them step by step. We should continuously do a good job in the transportation management and fire-control supervision and management so as to protect the state's security and people's lives and property.

IV. Make Endeavor To Study, Emancipate the Mind, Improve the Work Style, Make Arduous Struggle, and Wholeheartedly Serve the People

To realize trans-century grand targets, we should call on various levels of governments to perseveringly improve themselves and more effectively attend to various tasks with a higher standard, with greater impetus, and with a more solid work style.

We should unremittingly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The development of the socialist market economy has set higher demands on the political integrity and ability of cadres at various levels. Therefore, we should step up efforts to study theories, unceasingly enhance the consciousness and steadfastness of carrying out the party's basic line, unceasingly enhance political differentiation ability and political sharpness, and unceasingly enhance the ability of controlling the overall situation and raise the level of work. We should endeavor to study intensively and have a good grasp of

the knowledge in the socialist market economy, modern science and technology, and management as well as conscientiously study and resolve various new contradictions and problems arising from reform, opening up, and economic construction. In the practice of reform and opening up, guided by scientific theories, we should emancipate the mind, renew our ideas, work with all our energy, and blaze new trails in a pioneering spirit.

We should unremittingly promote the organizational reform of governments and transform their functions. We should consolidate the achievements which we have made in the reform of provincial-level organs, tackle the prominent problems discovered in the course of inspection and acceptance, and continuously do a good job in improving the relations between government organs and transforming their functions. During the first half of the year, prefectures, cities, and counties should fulfill the round-off work of organizational reform. Those who have not delimited personnel allocation, organizational structure, and functions should expedite this work and fulfill it within the prescribed time. Those who have finished this work should pay close attention to inspection and acceptance. Administrative organs at and above the county level should initially establish the public servant system. At the same time, we should actively promote organizational reform in townships and towns and step-by-step reform institutions from high levels to low levels by 1996. We should separate government administration from enterprise management; weaken governments' microeconomic management function; strengthen the functions of macroeconomic regulation and control, social security, and supervision; and strengthen information and policy guidance. We should actively explore a way for turning specialized economic departments into economic entities, service entities, or trade associations so as to make small organs give full play to their role in serving the whole society. We should simplify management levels and work links so as to enhance efficiency and service quality.

We should unremittingly conduct the anticorruption struggle and strengthen honest administration. The more we promote reform and opening up, the more we should fight against corruption and advocate honest administration. We should persist in strictly managing government affairs and promote various sectors to advocate honest administration. The focus of fighting against corruption and advocating honest administration is to have a good grasp of departments in charge of personnel and financial affairs and law-enforcement administrative and judicial departments. We should continuously investigate and deal with major and serious cases and check unhealthy tendencies in trades. We should devote great efforts to resolving the problems concerning a few gov-

ernment functionaries who do not handle affairs unless they gain profits and carelessly handle affairs after they have gained profits and who enjoy lavishing wining and dining and entertainment with public funds as well as the problems concerning leading cadres who buy houses at low prices, buy houses in many places, occupy larger houses than they are entitled to, and build unauthorized houses. We should actively explore a way for building a clean and honest government characterized by good mechanisms, systems, and legal systems all together. Various levels of leading cadres should set an example in being honest and self-disciplined, diligently perform official duties for people, resist the temptation of power and money, and consciously resist the corrosive influence of decadent ideology. All government functionaries should enforce the law according to the regulation, handle affairs in an unequivocal manner, behave themselves in an open and aboveboard manner, make every endeavor in self-respect, self-examination, self-vigilance, and self-encouragement, carry forward healthy trends, curb unhealthy ones, and consciously safeguard the good image of the party and the government among people.

We should sincerely and unremittingly do practical things and seek real profits for people. Various levels of governments and government functionaries should firmly establish the mass viewpoint, always adhere to the mass line, proceed from people's interests, sincerely do practical things for people, satisfy people with their real political achievements, and make people feel at ease by their political style of honestly performing duties for people. We should strengthen a sense of public servants as well as consciously regard whether people support, agree, or are satisfied as the fundamental starting point and the destination when thinking of issues, handling matters, and making policy decisions. We should real-

istically bear in mind people's lives, care for people's hardships, experience and observe public will, and proceed from each and every specific thing to help people resolve various difficulties and problems arising from their production and lives. We should energetically encourage the practice of conducting investigations and studies, seeking truth from facts and dealing with concrete matters relating to work, pioneering an undertaking with hard work, doing everything with thrift and hard work, and sincerely working for people's interests. We should persist in going down into the realities of life, exert real effort to do practical things, and pay attention to the implementation of work and real results. We should strictly forbid formalism. In 1996, in line with the demands of the provincial party committee, we should cut down one-third meetings, documents, and leaders' speeches. We should establish and perfect cadres' incentive mechanism so as to encourage cadres to improve themselves and exert all their efforts to do practical things, conduct investigation and study in grass-roots units, and resolve practical problems which exist in material and spiritual civilization construction.

Fellow deputies, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line and under the leadership of the Party Central Committee with Comrade Jiang Zemin as the core and of the provincial party committee, let us unite as one, make progress with keen determination, make arduous struggle, quietly immerse ourselves in hard work, and make endeavor to realize a new leap at the turn of the century.

Shaanxi will be full of hope in the next five years, and the next century will be the century to comprehensively invigorate Shaanxi's economy.

PRC: Qian Qichen Discusses Taiwan Work With Nonparty Figures*OW0606141896 Beijing XINHUA Domestic Service in Chinese 1316 GMT 4 Jun 96*

[By Central People's Radio reporter Luo Guanxing (5012 6034 2502) and XINHUA reporter Zhu Dongju (2612 0392 5468)]

[FBIS Translated Text] Beijing, 4 Jun (XINHUA) — While delivering a report on current cross-strait relations and future work on Taiwan to nonparty figures on 4 June, Vice Premier Qian Qichen, member of the CPC Central Committee Political Bureau and minister of foreign affairs, pointed out: The principle of peaceful reunification and the concept of "one country, two systems" is the fundamental guiding principle of our party and government for solving the Taiwan issue and achieving the motherland's reunification, which we will uphold and thoroughly implement over a long period. This has not changed, and will not change.

The report meeting was chaired by Wang Zhaoguo, vice chairman of the Chinese People's Political Consultative Conference and head of the United Front Work Department.

Lei Jieqiong, Wang Guangying, Cheng Siyuan, Lu Jiaxi, Wu Jieping, Ngapoi Ngawang Jigme, Qian Weichang, Sun Fuling, Wan Guoquan, He Luli, Cai Zimin, Jing Shuping, and central committee members of various democratic parties residing in Beijing, executive committee members of the All-China Federation of Industry and Commerce in Beijing, nonparty figures, nationality and religious circles, representatives of nonparty intellectuals, and persons in charge of united front work organizations, attended the report meeting.

Qian Qichen's report was divided into three parts: The current international situation and the struggle on foreign relations concerning Taiwan; the anti-splittist and anti-Taiwan independence struggle and the situation of peaceful reunification; and viewpoints on several issues concerning future work on Taiwan.

Qian Qichen said: The current international situation has generally inclined toward alleviation, the trend of multipolarization has further strengthened, economic development has taken an increasingly important position in national strategies of countries, and the world economy has continued to develop into a pattern of integration and regionalization. He said: The current international situation is generally favorable to China's economic development. China has upheld an independent foreign policy of peace. Following increased comprehensive national strength, the international status of our country will be further raised and our influence in the interna-

tional community will be greater. This will create a more favorable external environmental for China's economic construction, social development, and national security as well as create more favorable conditions for solving the Taiwan issue.

Speaking on the anti-splittist and anti-Taiwan independence struggle and the situation of peaceful reunification, Qian Qichen pointed out: Since last June we have made major achievements in the anti-splittist and anti-Taiwan independence struggle. This will have strategic significance in cross-strait relations and the trend of Taiwan politics for a long period in the future. This struggle is a very good patriotism education in safeguarding state sovereignty and territorial integrity, and all the people have been deeply encouraged. He stressed: Our struggle has indicated to the whole world that the Taiwan issue is China's domestic issue as well as informed the Taiwan authorities and Taiwan people that they cannot adopt the path of "Taiwan independence," which is also impassable.

Speaking on the future work on Taiwan, Qian Qichen pointed out: We must resolutely implement the fundamental principle of "peaceful reunification and 'one country, two systems'." He said: Comrade Deng Xiaoping's principle of peaceful reunification and concept of "one country, two systems" is the fundamental guiding principle for our party and government to solve the Taiwan issue and achieve the motherland's reunification. It has been proven in practice that this fundamental principle is correct.

We will definitely not promise to abolish the use of force on the Taiwan issue. This is to precisely ensure that we accomplish the fundamental principle of "peaceful reunification and 'one country, two systems'."

We must resolutely safeguard the one-China principle. He said: The one-China principle is the foundation for development of cross-straits relation and the cornerstone for peaceful reunification. It is a fundamental standard for us to judge the trend of Taiwan politics as well as the core of our struggle against splittist and "Taiwan independence" forces on Taiwan island and our struggle against international anti-China forces which interfere in the Taiwan issue.

We must do extensive, in-depth, and effective work concerning the Taiwan people. He said: We should place our hopes on the Taiwan people even more for our work on Taiwan. We must further strengthen cross-straits contacts and exchanges.

Qian Qichen said: After Comrade Jiang Zemin delivered the important speech on the Taiwan issue, democratic

parties, the All-China Federation of Industry and Commerce, and nonparty figures have, through various ways, exploited their edges to play a very important role in making important contributions in the anti-splittist and anti-Taiwan independence struggle.

**PRC: Editorial Views Li Teng-hui's 'Orientation'
From New Cabinet**

*HK1106083796 Hong Kong WEN WEI PO in Chinese
11 Jun 96 p A2*

[Editorial: "Viewing Li Teng-hui's Orientation From New Cabinet Sworn In"]

[PTS Translated Text for FBIS] Taiwan's new cabinet was sworn in yesterday, which indicates the orientation of Li Teng-hui's administration. The drastic personnel changes in the cabinet show that Li Teng-hui appointed his followers to important positions in order to further monopolize powers.

Chang Hsiao-yan, new "minister" in charge of foreign affairs, immediately expressed his loyalty after assuming office, saying "We have no reason whatsoever not to promote Li Teng-hui's visit abroad."

Worried that his followers lack reputation, Li Teng-hui urged his new cabinet to turn out "considerable results" and "increase their overall competitiveness" in the next six months.

What course will Taiwan follow? The key lies in properly handling its relations with the motherland. Cross-strait relations will continue to deteriorate and Taiwan's desire to boost the economy and increase its competitiveness will fall through if it continues to oppose "one China," pursue "two Chinas," and go in for "state visits abroad." Without a stable political situation, there cannot be a good environment for investment. There will be a capital outflow, foreign investors will hesitate, and the stock and real estate market will be depressed. How can Taiwan increase its competitiveness when the economy is going from bad to worse?

Upon its formation, the new cabinet was suspected of "violating the constitution." During the elections, Li Teng-hui pledged in all sincerity that the "vice president" will not concurrently assume the office of "premier." Once he assumed power, however, Li Teng-hui went back on his word and gave the instruction of "No further controversy" to curb the objection from various sides to "vice president" Lien Chan concurrently assuming the office of "premier" and to deprive the "Legislative Yuan" of its power to endorse the candidates for "premier." The "constitution" stipulates that two candidates shall respectively assume two different posts and that the "premier" shall take up the vacancy if

the "vice president" cannot perform his duties. Li Teng-hui's "tort" and "violation of the constitution" have further unmasked his sham democracy and evoked a series of political disturbances. As the starting point of their resistance, the "Legislative Yuan" will boycott the deliberation of the budget for public utilities.

Li Teng-hui's sworn followers racked their brains and did their utmost to advocate Li Teng-hui's "efforts to establish democratic politics" in an attempt to deceive the inhabitants within and outside the island. However, the "saint of democracy" slapped his own face not long afterwards and defied laws to build his "strong man politics." He talked volubly about "democracy," but actually urged the government and public to shut up and make "no further controversy." He said that "politics" should be determined by the "common understanding" reached by the 20 million Taiwan people rather than an individual or a party. Now his lies are totally exposed. "Sovereignty rests with the people" is sham while "civil rights rests with the master" is true. He can do whatever he likes, without the approval of other political parties and public intervention. In order to "split the country and exercise separate rule" and to resist peaceful reunification, he temporarily used the "democratic understanding" as an excuse. He often uses something in the morning and throws it in the dustbin in the evening. Figures within and outside the island had predicted that Li is a politician who never keeps his promise, who relies on "black money politics" to assume power, and who suddenly turns hostile.

It is not a wise move for Li Teng-hui to tie Chang Hsiao-yan to the chariot of "pragmatic diplomacy," a move taken to resist peaceful reunification and turn Taiwan into a political entity. It had no way out in the past and is bound to be rebuffed in the future. The role of Chang Hsiao-yan is to implement the "one China" policy rather than his deep connection with the Chiang's. A person linked to "pragmatic diplomacy" is tantamount to being tied to the chariot of "Taiwan independence," which will be very difficult to play a role of easing cross-strait ties. What is more, if Chang Hsiao-yan takes orders from his superior immediately after assuming office and take one step beyond the limit in "promoting Li Teng-hui's visit abroad," the Chinese Government will adopt strong counterattack measures. Chang Hsiao-yan's position will be no better than that of Chien Fu and he may even face the predicament of "severance of ties" a grimmer fate than that for Chien Fu.

Having a guilty conscience like a thief, Li Teng-hui ordered his new cabinet members to volubly talk about "wiping out black money," "dealing with triad and kidnapping," and "removing triad involvement and nepotism in public projects." The more he tries to hide,

the more he is exposed. Various circles in Taiwan have focused their attention on the background of the "minister of justice." Li Teng-hui's "democratic elections" were dominated by triad and money. Triad and bribery have become the one and only way for those in authority to manipulate their power. The slogan of "innovating politics" can be chanted as propaganda, but if anyone intends to undermine the foundations of black money power, Li Teng-hui would immediately remove him from office for fear that he might hinder his plan to "monopolize power with democratic decorations." Li Teng-hui cannot explain the reason why those with political achievements have to step down. The empty remarks on dealing with black money cannot dispel the misgivings.

The new cabinet has avoided talking about "one China" as well as the "three direct links" strongly requested by Taiwan's commercial circles. It shows that Li Teng-hui still wants to go against popular will and the general trend. The more he stalls on the "three direct links," the more it will dampen confidence of the Taiwan investors, which will be disadvantageous to Taiwan's economic development. Liu Chao-hsuan, former "minister of communications," was removed from office by the hardliners for proposing an early establishment of "three direct links." High-handed means were adopted to remove him from office and his successor was warned not to regard popular will as his task and not to stop Li Teng-hui's intention to hinder cross-strait exchanges. Politicians may go against the trend of the times and think that they have succeeded in their scheme, but a way out must be sought for Taiwan's economy and a price will have to be paid for stalling. If Taiwan's economy declines again, "considerable results will likely be seen in six months." As you sow, so will you reap. Li Teng-hui will have to eat his own bitter fruit for hindering the policy of three direct links.

PRC: All-China Federation of Taiwan Compatriots Meets in Fujian

*OW0706142196 Beijing XINHUA in English
1359 GMT 7 Jun 96*

[FBIS Transcribed Text] Fuzhou, June 7 (XINHUA) — A senior official of the All-China Federation of Taiwan Compatriots said that the federation will continue to adhere to the basic principle of "Peaceful Reunification, One Country, Two Systems" and oppose separatism and "Taiwan independence".

Zhang Kehui, president of the federation, made the remarks at a two-day meeting which closed today in Fuzhou, capital city of east China's Fujian Province.

He said that the federation will do more down-to-earth work to promote unofficial exchanges across the Taiwan Straits.

Over the past decade or so, organizations of Taiwan compatriots have adhered to the guideline of "Peaceful Reunification, One China, Two Systems" and the basic principle of "Place greater hope on the Taiwan people", and given scope to its distinct functions, Zhang said.

Federations of Taiwan compatriots have been established across China.

PRC: Two Taiwan Natives Executed on Smuggling Charges

*OW1006101996 Beijing ZHONGGUO XINWEN SHE
in English 1002 GMT 10 Jun 96*

[FBIS Transcribed Text] June 10 (CNS) — The Supreme People's Court rejected an appeal lodged by two Taiwan persons who were sentenced to death on conviction of smuggling counterfeit renminbi worth 24.6 million yuan. The two defendants were executed in Shantou, Guangdong Province, today.

The two defendants, Chen Cheng-te and Shih Yi, were natives of Taiwan and crew members of a Taiwan fishing vessel. The two together with the vessel captain, Chen An-ching, were accused of being hired in April 1995 by a Taiwan criminal group to smuggle 13 sacks of counterfeit Renminbi to Lufeng county of Shantou in return for a reward of 10,000 Taiwan dollars per sack. They were captured on April 7 when they contacted Mainland criminals on the waters of Lufeng for the handover of the false money.

The three were brought to the Shantou Intermediate People's Court on charges on smuggling forged banknotes. They were represented by lawyers and their relatives took visitors' seats in court. The defendants pleaded guilty and the court handed down sentences in accordance with the criminal law and supplementary regulations approved by the Standing Committee of the National People's Congress. The first two were sentenced to death while Chen An-ching received a two-year stay of execution.

Taiwan: Taipei Mayor 'Sad' Over Lien Chan's Retention as Prime Minister

OW1006142196 Taipei TZU-LI WAN-PAO in Chinese
5 Jun 96 p 2

[FBIS Translated Text] In view of President Li Teng-hui's imminent announcement on the retention of Lien Chan as prime minister today, Taipei Mayor Chen Shui-pien said this morning: Since the prime minister will be retained, the entire cabinet may remain unchanged; even if there are changes, they will only be perfunctory. He added that it seems extremely strange to him that the president, who was elected by popular votes, will make such a personnel arrangement.

According to Chen Shui-pien, he believes that President Li Teng-hui has aspirations to make reforms and to take big actions. However, if he wants to get things done and to make changes, he will need talented people; and it is not easy to appoint people by merit and to discard factionalism. In the fierce struggle for ranking and position among the Kuomintang's middle generation, President Li, even with the backing of 5.6 million ballots, has to compromise with reality and cannot make major reforms as his ideals would like to guide him. Chen Shui-pien said: This is sad for our country and fellow countrymen.

Taiwan: Li Teng-hui Swears in New Cabinet

OW1106032796 (Internet) Taiwan Central News Agency WWW in English 0037 GMT 11 Jun 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — President Li Teng-hui on Monday [10 June] swore in a 40-member new Cabinet, headed by Premier Lien Chan who concurrently serves as the ROC's first popularly elected vice president.

President Li demanded all members of the first post-presidential election Cabinet promote all-out reforms to live up to public expectations.

"All government departments must achieve positive, concrete results and let the public feel improvements in various fields within six months," Li said after all Cabinet members took the oath of office at the Presidential Office.

Stressing that the Republic of China (ROC) is at a critical juncture of national development, Li said the new Cabinet must employ new thinking and new strategy to accomplish various trans-century development projects and catapult Taiwan into the ranks of the world's most competitive economies by the year 2000.

"We must understand the imperativeness of reforms and must work to lay a solid foundation for our country's modernization within the next four years," Li said.

He further said teamwork is vital to the success of government reforms. "The Executive Yuan must act as a single unit and all Cabinet members must show esprit de corps in accomplishing their duties," the president said.

Li continued that action is the most important in realizing national development goals. "Empty talks will lead to no where," Li said, adding that without action, any lofty ideals or well-devised government plans will remain a pipe dream.

Li said all Cabinet members should have a consensus: Solving problems through actions. "Only actions can bring about results and reforms."

Premier Lien has unveiled a grandiose trans-century national development plan aimed at boosting Taiwan's competitiveness to a number-five ranking worldwide before the turn of the century, making Taiwan an Asia-Pacific operations center, remaking the government by overhauling the judicial, administrative and educational systems and improving relations with Mainland China.

Li urged all Cabinet members, three-fourths of whom were new faces, to work together closely and actively under Lien's leadership to accomplish that ambitious plan.

Taiwan: Li Teng-hui Faces Opposition Protests Over Appointments

OW1006114996 Hong Kong AFP in English
1047 GMT 10 Jun 96

[By Lawrence Chung]

[FBIS Transcribed Text] Taipei, June 10 (AFP) — Taiwan's opposition vowed Monday [10 June] to disrupt parliament to protest the appointment of Lien Chan as premier without their approval.

Lien's 40-member cabinet was sworn in Monday [10 June] in a ceremony boycotted by opposition members of parliament. They also held up parliamentary meetings and threatened mass protests.

Lien, who is also vice president, unveiled his new cabinet on Saturday. He has replaced 29 out of 40 members and dropped Justice Minister Ma Ying-jeou, a popular crusader against Taiwan's "corruption culture" who had also fought against underworld influence in politics.

President Li Teng-hui, who supervised the ceremony, urged the new government to "promote reforms and

achieve effects within six months," the presidential office said in a statement.

But the appointments, apparently masterminded by Li, have upset the general public. Li's popularity rating dropped nine percentage points in the latest opinion poll, from 80 percent immediately after his inauguration May 20 for a second term.

Lien, who was kept in his previous post of premier, asked his cabinet to push reforms and national competitiveness in line with Li's directives.

"To enable us to become the world's fifth strongest competitive country before the turn of the century, we must work hard," Lien said. He has asked Vice Premier Hsu Li-te to set up a task force to make proposals to reinvigorate the government and economy.

But opposition MPs (Members of Parliament) greeted the appointments by calling off budget reviews of state enterprises that were scheduled for Monday. They said they would not screen spending proposals by a cabinet that was not properly formed and also vowed mass protests.

The opposition says Lien's re-appointment requires parliamentary approval, but the president maintains that no confirmation is necessary, as Lien's resignation never took effect.

"Li Teng-hui must take responsibility for what is coming now. He reappointed Lien Chan illegally, skipping the constitutional procedures of parliamentary consent," said Yen Chin-fu, whip of the pro-independence Democratic Progressive Party (DPP).

"Since the appointment of Lien was not through regular procedures, the legality of the new cabinet formed is in question," he said.

"How can we ask the officials from an illegal cabinet to testify during our budget reviews?" added Yok Mu-ming, a whip for the right-wing New Party.

The opposition said the boycott of the budget reviews, including those of Taiwan Machinery, China Shipping, China Aerospace Corp. And Chiao Tung Bank, was just a beginning, and would only stop when Li Teng-hui conforms to the constitution.

Yen said that under the constitution the appointment of a new premier must be confirmed by parliament even if it is not a new government chief.

"Although Li was reelected as president, he must still appoint a premier and cannot use the method of refusing Lien's resignation to skip the confirmation procedures," Yen said.

He accused the president of showing "disrespect for parliament."

There has even been a backlash from some ruling Kuomintang (KMT) MPs who warned there could be a crisis between the government and parliament.

Tsao Erh-chung, the deputy chief whip of the KMT, admitted last week the government could face trouble if it does not overcome opposition in a parliamentary debate Tuesday on the confirmation controversy.

A motion demanding that parliament get its right to confirm Lien's appointment is to be heard and KMT MPs Hsu Chen-kun and Wu Ke-ching have said they will side with the opposition.

Taiwan: Parliament Approves Procedures to 'Rename' Prime Minister

OW1106082696 Hong Kong AFP in English
0802 GMT 11 Jun 96

[FBIS Transcribed Text] June 11 (AFP) — Taiwan's parliament on Tuesday [11 June] approved a motion that calls for President Li Teng-hui to follow constitutional procedures and rename a prime minister.

Li renamed Lien as the premier last Wednesday, maintaining that he did not need parliamentary confirmation as Lien's resignation never took effect. Lien tendered his resignation to Li before he was sworn in as vice president on May 20.

But opposition lawmakers said if Li does not follow the parliament decision to follow constitutional procedures, they would stage mass protests, boycott all reviews of the state enterprises' budgets, and paralyze parliament operations.

Taiwan: Lien Chan Addresses Cross-Strait Ties

OW1106013696 (Internet) Taiwan Central News Agency WWW in English 0039 GMT 11 Jun 96

[FBIS Transcribed Text] Taipei, June 10 (CNA) — The following is the full text of Premier Lien Chan's speech at the 25th Sino-American Conference on Contemporary China, which opened Monday [10 June] under the auspices of the Institute of International Relations, National Chengchi University:

I consider it a great honor to have been invited to speak to you today at the 25th Sino-American Conference on contemporary China organized by the Institute of International Relations, National Chengchi University. Over the last twenty-five years, this conference has grown into one of the world's largest and most enduring "communities scholars" studying Chinese affairs. Its achievements have been outstanding and it has made

a most brilliant contribution to scholarship. This idea of "community of scholars" is one that is frequently stressed by my alma mater, the University of Chicago. At the Third Sino-American Conference twenty-three years ago, I served as conference secretary-general in my capacity as chairman of the Department of Political Science at National Taiwan University, so I may be considered a founding member of this "community of scholars." Recalling this brings back some very happy memories for me.

Over the past year relations between the two sides of the Taiwan Strait have attracted worldwide concern and I am sure that the course these relations will take in the future is also a matter of concern to all the scholars and specialists assembled here today.

The cross-Strait issue consists of a number of extremely complex elements, and there is no way that it can be resolved overnight. However, no matter whether we examine it from the point of view of our policy stance over the past ten years, nor from that of the common aspirations of the international community, the cross-Strait issue is in essence a political problem, the solution of which requires political wisdom and patience.

The ROC government's policy on the unification of China has always been consistent. Our objective is not simply national unification; we insist that unification should be accomplished under a system that ensures democracy, freedom, and equitable prosperity. The Beijing regime's objective, however, goes no further than formal territorial unification, and this is where government policies on the two sides of the Strait differ most of all.

From our point of view, just as President Li Teng-hui has said, "there is no problem of ethnic or cultural identity between the two sides of the Strait; there is simply a struggle between systems and ways of life." Therefore, if the two sides want to resolve the cross-Strait question completely, they should focus on developing their systems and enter into peaceful competition, so that the entire Chinese people on both sides of the Taiwan Strait can make their own choice. At the same time, we are deeply concerned about the our 1.2 billion compatriots in Mainland China, and in the spirit of "Chinese helping Chinese," we want to help them and the coexist [as received] and prosper side by side.

However, from Beijing's point of view, the unification of the two sides of the Taiwan Strait is a mission that has awaited completion for more than four decades. Beijing's policy is focused on monopolizing the "right to represent China," and it is trying its best to sell the fiction that "the 'People's Republic of China' represents

the whole of China" to the international community. This why Beijing is attempting to deny the fact of the Republic of China's existence and is forcibly restricting the scope of our activities, even to the extent of sacrificing the rights and interests of Taiwan's 21.3 million people and damaging the goodwill between the people on the two sides of the Strait. And this is also why Beijing has always refused to face up to the fact that the two sides of the Strait are under separate rule, thus limiting the development of cross-Strait relations and making it impossible to achieve a breakthrough.

Luckily our adoption over the past eight and one-half years of progressively more open measures, plus the favorable environment provided by Mainland China's reform and opening-up, has been instrumental in developing cross-Strait exchanges out of nothing at all and achieving outstanding results. Each year, people on the two sides exchange more than one million visits, conduct over U.S.\$20 billion-worth of commodity trade, exchange more than ten million letters and nearly as many telephone calls and conduct frequent cultural, educational scientific and academic exchanges. This network of relations that has been created out of cross-Strait people-to-people exchanges is increasing mutual understanding and reducing the psychological and conceptual estrangement between the two sides. For two societies that have been divided for more than four decades these achievements are particularly valuable and we must cherish them. They provide ample proof that the government of the Republic of China [ROC] has never intended to promote the permanent separation of Taiwan from Mainland China and that on the contrary we have always worked to bring the two societies closer together.

Since the ultimate goal of the ROC government is national unification we must continue to advance toward that goal in pragmatic fashion. We firmly believe that a society engendered out of freedom and democracy has both sufficient self-confidence to face the persistent obstruction and interference coming from the other side of the Taiwan Strait and enough courage to shoulder the heavy responsibility of national development. On April 8 last year, President Li put forward six proposals for developing cross-Strait relations and in his inaugural address on May 20 this year, he once again pointed the way forward for relations across the Taiwan Strait. These proposals will all be put into practice by us.

The long-term maintenance of peace and stability in the Taiwan Strait is not only in the interests of Chinese on both sides, it is also necessary for each side's development and essential for the continued prosperity of East Asia. To this end, we have proposed that the two sides should formally terminate their hostilities

and as soon as possible sign a peace accord. This would encourage the normalization and stabilization of relations across the Taiwan Strait. We hope that Beijing will respond positively to this as quickly as possible so that the two sides can open discussions on this important topic sometime in the near future.

An interactive "win-win" relationship will serve as a basis for easing the situation in the Taiwan Strait and maintaining the favorable development of cross-Strait ties. It was with this in mind that I suggested, a year and a half ago, that the two sides of the Strait should develop their relations around trade and economic ties, so as to create an environment favorable to mutually beneficial and reciprocal exchanges. To this end, we are prepared to discuss with the mainland side issues pertaining to the enhancement of economic exchanges. Meanwhile, considering that the development of Mainland China's vast rural areas and the achievement of a better life for its hundreds of millions of farmers are issues that demand our attention, we also propose that the two sides discuss how they can most effectively and feasibly encourage cross Strait agricultural exchange and cooperation.

More than forty years of separation have opened up an enormous development gap between the two sides of the Strait and misunderstandings are inevitable. Only a sustained exchange of ideas can increase mutual awareness and understanding. For many years now the ROC government has advocated dispelling hostility through dialogue and replacing confrontation with consultation. When I indicated that the two sides of the Strait should enter the "era of consultations" one year and four months ago my purpose was to reinforce institutionalized dialogue and consultations between the two sides. It is with the same purpose in mind that we have sought to expand people-to-people exchanges in a sustained and gradual manner. We will continue to do things this way in the future. We believe that only when the governments and people on the two sides of the Strait are able to continue their dialogue unhindered will misunderstandings and conflicts be reduced and a harmonious atmosphere be created.

Of course our promotion of cross-Strait relations will not cause us to neglect necessary development at home. We will continue with the democratization process and various other reforms and we must accelerate the pace of economic liberalization and internationalization. The updating of our defensive weaponry must be completed on schedule and our efforts to participate in international activities and make a return contribution to the international community must be sustained. This is the only effective way to preserve and develop the achievements of the Republic of China on Taiwan. We

believe that this system and way of life is definitely the ideal choice for the people of China.

For many years now the government of the Republic of China has exerted its efforts to promote friendly interaction between the two sides of the Taiwan Strait, and has put forward many constructive and progressive recommendations. Our purpose in this has been not only to preserve the long-term stability of cross-Strait relations, but to enhance the welfare of all Chinese people, and moreover to make a positive contribution to peace and development in the Asia-Pacific region.

Eighty years ago, President Woodrow Wilson — he was also a scholar said this: "You deal in the raw material of opinion and if my convictions have any validity, opinion ultimately governs the world." All of the scholars gathered here today are opinion leaders, and your opinions are all very important and influential. I sincerely hope that you will continue to treat me as a fellow member of the scholarly community and make your opinions known to me, so that I may be better able to serve my country and my people. Thank you.

Taiwan: Lien Chan Orders Special Task Force on 'Competitiveness'

OW1106035496 (Internet) Taiwan Central News Agency WWW in English 0038 GMT 11 Jun 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — Premier Lien Chan on Monday [10 June] urged all members of the new Cabinet to do their utmost to accomplish their duties and contribute to administrative reforms and upgrading of national competitiveness.

Lien made the call at an extraordinary Cabinet meeting after the new Cabinet was sworn in under the supervision of President Li Teng-hui.

Lien said all Cabinet members are welcome to voice their views and opinions in the process of formulating a public policy or program. "Once the policy or program is set, all departments must do their part and cooperate closely to accomplish the task," Lien said, adding that all Cabinet members should show team spirit and drop turf mentality and personal heroism.

The premier further said all government departments must make decisions, and take actions immediately whenever they encounter problems. "We should emphasize efficiency and abandon the 'omnipotent government' concept."

Lien ordered Vice Premier Hsu Li-te to form a special task force to chart plans to catapult Taiwan into the top

five of the world's most competitive economies by the year 2000.

Taiwan: New Education Minister Wu Ching Says Reform Top Priority

OW1106065096 (Internet) Taiwan Central News Agency WWW in English 0037 GMT 11 Jun 96

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — Newly-appointed Education Minister Wu Ching said Monday [10 June] that education should be an all-round national endeavor carried out with a global perception.

Wu, 62, an Academia Sinica member and president of National Cheng Kung University, took his new post from outgoing Education Minister Kuo Wei-fan.

During a changeover ceremony, Wu lauded Kuo for making significant contribution to the country's educational reforms. "Like an ace football player, Kuo has scored many goals during his three-odd year tenure," Wu said.

Wu, a Ph.D in hydraulic dynamics who had spent 35 years in the United States as a scholar before returning to Taiwan two years ago, said although educational reform in Taiwan is ten times harder than that in the U.S. because of different political and social structures, he will try his utmost to do his job right.

He agreed that the college examination needs substantial overhaul, but he believed that the root problem lies in the contents of the test rather than the system.

On his appointment as education minister, Wu said he could not refuse President Li Teng-hui's draft to serve the country.

Despite his short tenure of one year and 10 months at Cheng Kung University, Wu has won wide acclaim for pushing the southern Taiwan university onto the world stage.

Wu said Taiwan should emulate the United States to allow more talent from abroad, including those from Mainland China, to study or do research in Taiwan. By doing so, he said, Taiwan would have a brighter future and the cross-strait relations will improve as well.

Meanwhile, he said high-tech elite will help develop Taiwan into a sci-tech island, eventually contributing to solving the unemployment problem among people with high education background.

During his tenure, Cheng Kung University witnessed its phenomenal development in its 60-year history. He hosted a cross-strait meeting of university presidents,

attended by dozens of presidents from mainland's prestigious universities.

He pushed the establishment of 40 to 50 research institutes under Cheng Kung University to offer research services for Taiwan's industrial, cultural, and medical sectors. The effort will not only improve the university's finance, it will also elevate research levels of society.

A meeting of university presidents in Asia-Pacific is scheduled to kick off shortly at Cheng Kung University, thanks to the effort of Wu.

Taiwan: New Minister Vows To Fight Money Politics, Organized Crime

OW1106062796 (Internet) Taiwan Central News Agency WWW in English 0038 GMT 11 Jun 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — Newly sworn-in Justice Minister Liao Cheng-hao on Monday [10 June] vowed to wipe out money politics and organized crime, saying it is the top priority on the ministry's agenda.

Liao called for widespread public support for his work, pointing out that cracking down on corruption and speeding up judicial reforms will be the focus of his ministry's future ten tasks.

Liao, former Investigation Bureau director, made the remarks while taking over the post from the outgoing Minister Ma Ying-jeou. The changeover ceremony was witnessed by Minister Without Portfolio Yeh Chin-feng.

Yeh hailed Ma's performance over the past three years and wished Liao to achieve his goals in his term as head of the Ministry of Justice.

Ma, one of the four newly installed ministers without portfolio, thanked all ministry staff for cooperation over the past few years. He said that their efforts to fight corruption and underworld influences have gained great support and recognition of the public, encouraging them to continue with the task in the face of future challenges.

Taiwan: New Finance Minister Vows To Eliminate 'Financial Storms'

OW1106061196 (Internet) Taiwan Central News Agency WWW in English 0038 GMT 11 Jun 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — New Finance Minister Paul Chiu pledged on Monday [10 June] to wipe out "financial storms" within six months.

Chiu, a former deputy governor of the Central Bank of China, said he will also promote financial and taxation reforms to create a low-cost, non-barrier investment climate and make Taiwan a regional financial center in the Asia-Pacific.

Speaking at a change-over ceremony, Chiu said both President Li Teng-hui and Premier Lien Chan have demanded the Ministry of Finance overhaul Taiwan's banking system in order to stem bank runs and financial scandals.

A number of grass-roots financial institutions have faced financial crises caused by lax internal controls and illegal lendings over the past year. "We must streamline our banking system to prevent recurrence of such financial storms in order to maintain market order and financial stability," Chiu said, adding the work will be completed in six months.

Meanwhile, Chiu said, the Finance Ministry will draft an overall tax reform plan to rationalize the country's taxation system and reduce tax burden for the business community.

As Premier Lien has pledged to catapult Taiwan into the top five of the world's most competitive economies by the turn of the century, Chiu said the Finance Ministry will accelerate administrative reforms to enhance efficiency and attract world-renowned financial institutions to set up branches here to help make Taiwan an Asia-Pacific financial hub.

Taiwan: New Economics Minister Pledges To Step Up Reforms

OW1106060596 (Internet) Taiwan Central News Agency WWW in English 0039 GMT 11 Jun 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — Economic Affairs Minister Wang Chih-kang in an oath-taking ceremony on Monday [10 June] vowed to go ahead with administrative reforms, while promising to provide private enterprises with better service.

Wang, who succeeded P.K. Chiang in the Cabinet reshuffle, gave top priority to enhancing investment willingness, improving coordination among government agencies, revising outdated laws, and participating actively in international affairs.

While appealing for support from the public, Wang said he knows he can take on the uphill task not only because he has faith in the capability of the ministry's staff, but also because he himself is creative, skilled in marketing, and able to learn.

Wang, who received his doctoral degree from Texas A&M University, served as director of the Department of International Trade, National Taiwan University, before starting his government career in 1988.

Wang made the pledge in a changeover ceremony that was presided over by Vice Premier Hsu Li-te. Sun Yun-suan, senior advisor to the President, was invited to witness the ceremony.

Meanwhile, Hsu hailed outgoing Economics Minister P.K. Chiang for his outstanding leadership in carrying the Taiwan economy through a "transition period."

Chiang has been named chairman of the Council for Economic Planning and Development, Taiwan's highest economic planning agency.

Taiwan: New Foreign Minister John Chang Addresses Policy Issues

OW1106060796 (Internet) Taiwan Central News Agency WWW in English 0040 GMT 11 Jun 96

[By Ling-ju Yen]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — Newly appointed Minister of Foreign Affairs John H. Chang said Monday [10 June] that pragmatic diplomacy and cross-strait relations are equally important to the Republic of China [ROC], adding that there is no reason not to plan for more overseas visits by President Li Teng-hui.

Speaking at a joint press conference arranged for new Cabinet members, Chang stressed that he will pursue a policy that is "pragmatic, aggressive, stable, and flexible." Chang and the other ministers took over their posts in ceremonies held earlier in the day.

Asked whether President Li will visit Japan or the United States again, Chang said: "We've got to be pragmatic and flexible. When the time is right and the circumstances permit, we have no reason not to promote plans for the President to go abroad."

Chang, described by his predecessor Fredrick F. Chen as a "good old pal and colleague," told reporters that his ministry will not give up any plans that are in the interests of the country and its more than 21 million people, including the bid for membership in the United Nations. Before assuming his current post, Chang headed the Overseas Chinese Affairs Commission and also served as deputy minister of the Ministry of Foreign Affairs.

As to the question of maintaining a peaceful relationship with the mainland while conducting pragmatic diplomacy, Chang said he believes mainland leaders should

take the initiative by giving Taiwan more space in the international arena.

"Those mainland leaders who claim that 'the Chinese people should not fight each other' should allow Taiwan to gain its rightful international status and to take a more active role in international organizations," Chang said.

"If they really mean what they say, they should start to realize the slogan by assisting us in improving our diplomatic relations with those countries who are friendly to us," he added.

Calling for mainland authorities to put an end to "the tragedy of Chinese attacking each other" in the domain of international diplomacy, Chang said that it is time for people from both sides of the Taiwan Strait to open a new era of "Chinese helping each other."

Chang, 55, graduated from Georgetown University in the United States with a master's degree in political science. He takes office following a barrage of media reports that South Africa is considering switching diplomatic recognition from Taipei to Beijing.

At the press conference, however, Chang denied rumors that Taipei-Pretoria ties are hanging in the balance, saying that bilateral relations are "stable and secure" and that several cooperation projects are still in progress.

Chang also praised South African President Nelson Mandela as an "outstanding leader," and said that the channels for communication between the ROC Government and Mandela are functioning well.

Taiwan: New Directorate Head Promises Balanced Budget by 2001

OW1106070696 (Internet) Taiwan Central News Agency WWW in English 0041 GMT 11 Jun 96

[By Lin Wen-fen]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — Newly appointed head of the Directorate General of Budget, Accounting and Statistics Wei Duan pledged on Monday [10 June] that the central government will achieve a balanced budget by the year 2001.

Speaking at a press conference for the new heads of cabinet-level departments, Wei said that the government has made great strides in slashing the budget deficit over the past three years, and that another three years will enable him to help Taiwan reach the goal of a balanced budget.

The government's budget deficit has dwindled from an average of about NT\$940 [new Taiwan dollars] billion (U.S.\$33.91 billion) in fiscal years 1991-1993

to NT\$700 billion (U.S.\$25.25 billion) in fiscal years 1994-1996, Wei said.

Faced with the challenge of alleviating the central government's financial burden without raising taxes in the near future, Wei stressed that "making the most out of every penny is more important than simply limiting spending."

Wei said that one of his priorities will be to revise outdated regulations in the Budget Law, Accounting Law, and Statistics Law that have been intact for more than 20 years. The revision of the Budget Law will be completed by year-end, while the Accounting Law and Statistics Law have recently come under review, Wei added.

Taiwan: Opening Banks on Mainland Called 'Wishful Thinking'

OW1106105696 (Internet) Taiwan Central News Agency WWW in English 0915 GMT 11 Jun 96

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, June 11 (CNA) — The Ministry of Finance said Tuesday [11 June] that it is a wishful thinking to suggest that Taiwan banks open branches in the Mainland China.

The Ministry was responding to suggestions made by new Economics Minister Wang Chih-kang.

Finance Minister Paul Chiu said Tuesday that the matter has to take into consideration the development of cross-strait relations and the government's mainland policy.

Other officials said that Wang's suggestions to lift the ban on Taiwan banks to set up branches in the mainland are "too romantic," because the matter involves mainland policy.

They said that even if the government gives the green light, it will be difficult for Taiwan banks to open branches in the mainland, because of strict regulations governing the establishment of foreign banks.

Chang Hsiu-lien, deputy director of the ministry's Bureau of Monetary Affairs, said only banks with capitalization over US\$20 billion are allowed to set up branches in Mainland China. She said most of Taiwan's banks do not qualify.

The bureau estimated that if the government gives green light for local banks to set up footholds on the mainland, only 10 banks could meet the strict requirement, including nine state-owned banks and the Kuomintang-controlled International Commercial Bank of China.

Taiwan: Provincial Committee Urges Government To Give DPRK Rice Aid

OW1106045096 (Internet) Taiwan Central News Agency WWW in English 0040 GMT 11 Jun 96

[By Maubo Chang]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — A committee of the Taiwan Provincial Assembly called for the ROC Government to donate 25,000 tons of rice to North Korea on Monday [10 June].

The Committee of Agriculture & Forestry, which has just concluded a fact-finding trip to Pyongyang, made the suggestion after discussing the matter with officials at the Department of Agriculture and Forestry under the Taiwan Provincial Government.

Reports have said that through the committee, North Korea asked Taiwan to grant it 200,000 tons of rice to ease its food shortage.

Taipei and Pyongyang do not maintain diplomatic relations.

Kuo Chun-ming, chairman of the committee, said in Taichung on Monday that Pyongyang's close ally Beijing has promised to give it some 20,000 tons of rice as well as 30 million Renminbi (U.S.\$3.6 million) worth of other goods in aid.

He suggested that the Taiwan Provincial Government should more or less match Beijing's aid, but said that the final decision will be made by the central government.

Taiwan currently has 400,000 tons of rice stocks, so 25,000 tons of rice aid to North Korea would not significantly affect its safety reserves, according to officials with the provincial government.

The officials said, however, that it would take about two and a half months to prepare the aid rice.

Taiwan: New Representative Meets With Former Japanese Prime Ministers

OW1106051896 (Internet) Taiwan Central News Agency WWW in English 0040 GMT 11 Jun 96

[By Maubo Chang]

[FBIS Transcribed Text] Tokyo, June 10 (CNA) — New ROC [Republic of China] representative to Tokyo Chuang Ming-yao paid separate visits to two former Japanese prime ministers, Toshiki Kaifu and Kiichi Miyazawa, on Monday [10 June].

Miyazawa congratulated Chuang on his assignment in Tokyo, and called Taiwan's first popular presidential election in March under the military threat of Beijing a struggle of democracy against violence. He said the

election earned Taiwan the admiration of the international community.

He expressed concern about the future of Hong Kong and Taiwan, and said he hopes that Beijing and Taipei can bridge their rifts through peaceful means.

Meanwhile, former Prime Minister Toshiki Kaifu regretted Beijing's staging of a series of military games near Taiwan waters in March, saying that the close civilian exchanges across the Taiwan Strait bind the two sides together tightly.

He also mentioned his recent encounter with Nelson Mandela, President of South Africa, during which they discussed South Africa's dilemma in choosing between Taipei and Beijing as the only legitimate government of "China."

South Africa has been trying to forge diplomatic relations with Beijing while maintaining its official ties with Taipei, but Beijing has rejected the idea of dual recognition, insisting that Johannesburg sever its official relations with Taipei before it can exchange ambassadors with the mainland.

Chuang said that Taipei cherishes its relationship with Johannesburg and intends to maintain it.

Chuang, who arrived in Tokyo to take up his post on June 4, is holding a series of meetings to get better acquainted with Japanese leaders.

Taiwan: Outgoing Foreign Minister Swears In New Envoy to Canada

OW1106052996 (Internet) Taiwan Central News Agency WWW in English 0037 GMT 11 Jun 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — New ROC [Republic of China] representative to Canada Fang Chin-yen was sworn in Monday [10 June] under the supervision of outgoing Foreign Minister Chien Fu.

Fang was the first ROC envoy to Canada who had served as political vice foreign minister, the No. 2 post at the Ministry of Foreign Affairs. "This indicates that the ROC government attaches great importance to its relations with Canada," Chien said at the brief swearing-in ceremony.

Noting that Canada has signed a North American Free Trade Agreement with the United States and Mexico to allow free flow of merchandise and capital among the three countries, Chien said he hopes Fang can use his wisdom and experience to reinforce friendly ties with Canada and facilitate Taiwan's entry to the vast North American market.

Praising Fang as a "live dictionary," Chien said Fang has helped him handle many difficult affairs during the past six years. Chien revealed that Fang was the chief architect of the ROC's publicity campaign to join the United Nations since 1993.

Fang, a career diplomat, was the ROC representative in the United Kingdom before returning to Taipei in 1990 to serve as an administrative vice foreign minister. He was promoted to the political vice foreign minister post in 1993.

Fang is scheduled to leave for Canada to assume his new post early next month.

Taiwan: Vice Premier Hsu 'Very Likely To Visit' South Africa

OW1106052896 (Internet) Taiwan Central News Agency WWW in English 0040 GMT 11 Jun 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, June 10 (CNA) — Vice Premier Hsu Li-te said on Monday [10 June] that he is very likely to visit South Africa, whose official diplomatic ties with the Republic of China [ROC] are reportedly shaky, but would not specify an exact date for the trip.

Speaking at a press conference following the swearing-in of the new Cabinet, Hsu for the first time confirmed that he received a government invitation to visit South Africa two or three months ago.

Hsu said the visit, which would have coincided with the Cabinet reshuffle, was forced to be postponed.

Hsu said it is becoming increasingly likely that he will go to South Africa, and stressed that he will make every effort on the trip to bring about some concrete results.

He said he is still not clear when the visit will be possible, as it still requires final approval from Premier Lien Chan.

South Africa is among the group of 30 countries that maintain official diplomatic ties with the ROC, but the Nelson Mandela-led government has encountered rising pressure to set up official links with Beijing.

South African Foreign Affairs Minister Alfred Nzo visited Mainland China earlier this year on a trip that was reportedly part of his plans to evaluate ties with both Taipei and Beijing. Nzo was scheduled to visit Taipei in mid-June but postponed the trip until June 30.

Pretoria has said it will not set up official ties with Beijing at the expense of ties with Taipei.

Taiwan: Mainland Judicial Officials To Attend Cross-Strait Seminar

OW1006142496 Taipei LIEN-HO PAO in Chinese 6 Jun 96 p 9

[By reporter Chen Yung-fu (7115 3057 1381) in Taipei]

[FBIS Translated Text] The Chinese Communists will dispatch several senior officials, including the director of the Justice Ministry Lawyers Department and a member of the Supreme People's Court Judicial Committee, to attend the "cross-strait seminar on practical matters," to be held in Taiwan in late June under the auspices of Soochow University, the Culture University [both of Taiwan], and the Chinese Law Society [of the PRC]. The Judicial Yuan recently held a special meeting of its Mainland Legal System Study Group, and decided to take this opportunity to study and discuss ways for promoting mutually beneficial assistance between courts of the two sides at the same level.

The units sponsoring the seminar had invited Chang Keng [Zhang Geng], Chinese Communist justice vice minister, to Taiwan in his capacity as vice president of the Chinese Law Society, in addition to the director of the Chinese Communist Justice Ministry Lawyers Department; the director of the Shanghai Justice Bureau; the director of the Beijing Justice Bureau; the secretary general of the Lawyers Association; members of the Supreme People's Court Judicial Committee; and seven law professors from the People's University, the Politics and Law University, and Beijing University. However, out of political considerations, Chang Keng has already indicated that he will not attend the seminar.

Nevertheless, the director of the Chinese Communist Justice Ministry Lawyers Department; Chou Tao-luan [Zhou Daoluan], one of the members of the Supreme People's Court Judicial Committee (only a dozen or so members on the committee, equivalent to our Supreme Court judges); and others who will attend the seminar are rather influential in the Chinese Communist judicial circles. Chou Tao-luan has written an article calling for exchanges between courts in the Taiwan and mainland regions. Therefore, although the seminar is to be sponsored by judicial units, it is expected to serve as an advisory for the Strait Exchange Foundation and the Mainland Affairs Council.

After scholars and experts held discussion at the meeting, the Judicial Yuan's Mainland Legal System Study Group decided on the following matters:

Matters related to mutual judicial assistance between the two sides: Where there is an agreement, we will urge the Chinese Communists to seriously implement the agreement. Where no agreement is signed, we

will take the opportunity to state our views, such as mutually beneficial assistance between courts at the same level, and urge the Chinese Communists to promptly standardize and codify matters of mutual assistance.

Matters related to lawyers' cross-strait businesses: We will take this opportunity to familiarize ourselves with the Chinese Communist lawyers' system and its operation by asking participants in the seminar to fully air their views and by suggesting our side collect examples of civil and arbitrary cases deemed applicable to the mainland, to be used by the seminar's participants for reference.

Taiwan: MAC Chairman Stresses 'Harmony' in Cross-Strait Ties

OW1006141496 Taipei CHUNG-YANG JIH-PAO
in Chinese 6 Jun 95 p 10

[FBIS Translated Text] Mainland Affairs Council [MAC] Chairman Chang Ching-yu emphasized yesterday: The important thing in cross-strait relations is harmony. Harmonious relations will benefit both sides of the Taiwan Strait. Therefore, the two sides should develop relations according to the principle of harmony. If both sides can move in that direction, adhere to the principle of reciprocity, and carry out constructive and forward-looking exchanges, it will help promote benign interaction between them.

Yesterday morning, the Kuomintang's [KMT] Central Standing Committee heard a report by MAC Chairman Chang Ching-yu, a party member working in the government, entitled "Peaceful Exchange, Benign Interaction, Democracy, and Reunification — Marching Toward the Development of Cross-Strait Relations in a New Era."

In his report, Chang Ching-yu made a true and pertinent analysis and description of such issues as major barriers to the development of cross-strait relations, a proper understanding of cross-strait ties, factors that affect development of cross-strait relations, and our stance and work orientation.

Chang Ching-yu pointed out: At present, the major barrier to the development of cross-strait relations lies in the Chinese Communists advocating "one country, two systems" in an attempt to neglect the fact that the Republic of China [ROC] exists. In addition, the Chinese Communists' repeated saber rattling hurt feelings of people on both sides of the strait and their efforts to limit our space in the international arena also damages our people's rights and interests.

Chang Ching-yu added: The development of cross-strait relations is closely bound up with the entire Chinese people's future. We should have a understanding of cross-strait relations as follows:

- The true essence of nationalism lies in the development of democratic rights and the building of social well-being;
- That the two sides across the strait are two separate jurisdictions is the status quo, rather than a goal;
- Both sides should share higher prestige in the international arena; and
- Achieving democracy and reunification through peaceful exchange is the best choice for both sides.

Chang Ching-yu said: The best way to pursue reunification is that both sides first seek cultural, economic, and institutional integration and then achieve political reunification step by step. We have consistently adhered to the stance of "treasuring harmony." Our goals are to nurture an environment for peaceful exchange across the strait and to create conditions for achieving democracy and reunification of China.

Chang Ching-yu pointed out: In his inaugural address as the ROC's ninth-term president, Chairman Li said that, on the threshold of the 21st century, the two sides of the Taiwan Strait should work for ending the historical Chinese-fighting-Chinese tragedy and for ushering in a new epoch when Chinese help each other. Looking ahead, we should insist that cross-strait relations be developed based on the fact that both sides across the strait are two separate jurisdictions and that both sides face reality in a down-to-earth manner. We should adhere to the principles of rationality, peace, equality, and reciprocity stated in the National Unification Guidelines; actively promote peaceful exchange across the strait; and create an environment for benign interaction to facilitate our advancing along the path to democracy and reunification.

Chang Ching-yu said: The MAC's work orientation will include giving priority to forming a consensus internally, actively creating a peaceful environment, gradually adjusting navigational ties, stepping up economic and trade relations, deepening the effect of cultural exchange, reviewing and revising relevant rules and regulations, continuously promoting cross-strait negotiations, holding dialogues on policy issues at an appropriate time, planning to change the negotiation format, and strengthening our relations with Hong Kong and Macao.

Hong Kong

Hong Kong: Lu Ping Says Civil Servants Welcome To Stay

OW1006170696 Beijing XINHUA in English
1637 GMT 10 Jun 96

[FBIS Transcribed Text] Singapore, June 10 (XINHUA) — China welcomes all civil servants of Hong Kong to stay and there will be no major reshuffle in Hong Kong's civil service, said Lu Ping, director of the Hong Kong and Macao Affairs Office of the Chinese State Council, here today.

A Chinese official accompanying Lu on the visit told XINHUA that Lu made remarks during his meeting with Singaporean Senior Minister Lee Kuan Yew.

According to the official, Lu said that the civil servants are doing their jobs serving Hong Kong, no matter whether it is before or after 1997. Therefore, China does not want to see any major reshuffle of the civil service.

As for the senior officials, the fewer change the better, Lu said, adding that China and Britain should cooperate to make the civil servants stay and do their jobs at ease.

Lee said that Hong Kong has its uniqueness, namely, its adaptability, which should be kept in the future. He also expressed his belief that Hong Kong will be well administrated after 1997.

Lu came here last Saturday on a four-day visit at the invitation of Singaporean Foreign Minister S. Jayakumar.

During their meeting shortly after Lu's arrival Saturday night, Jayakumar said that Singapore would keep its good relations with Hong Kong well beyond 1997. It would be in the interest of Singapore that Hong Kong continues to be dynamic, he said.

Noting that Hong Kong and Singapore are complementary to each other in their economic roles, Jayakumar also said he believed that China is sincere to keep Hong Kong as a prosperous center of commerce and finance, for this is in the interest of China.

Hong Kong: Lu Ping on Identity Papers, Public Housing Fund

HK1106060296 Hong Kong WEN WEI PO in Chinese
11 Jun 96 p A2

[Report: "Lu Ping Says Sino-British Joint Liaison Group Has Common Understanding, Hong Kong Government May Issue Certificate of Identity Straddling 1997"]

[PTS Translated Text for FBIS] Lu Ping, director of the Hong Kong and Macao Affairs Office, stressed while visiting Singapore yesterday: The 1.5 million Certificates of Identity (CI's) and Documents of Identity

(DI's) Hong Kong has issued will remain valid after 1997, and there will be no need for any confirmation process.

Lu Ping explained that the Sino-British Joint Liaison Group (JLG) long ago reached consensus on this issue so that the British Hong Kong Government may continue to issue CI's straddling 1997, and they can be used after 1997 with no need for any confirmation process until their validity expires.

Xu Ze, head of the Hong Kong Government Administration Department of the Hong Kong and Macao Affairs Office, who accompanied Lu Ping, stated that similarly, Documents of Identity (DI's) would still be valid after 1997. He added that travel documents that expire after the 1 July 1997 handover would be dealt with by the future Special Administrative Region Government.

Having toured a public housing complex in Singapore similar to those in Hong Kong, Lu Ping stated that in the absence of a central fund, it would be difficult for Hong Kong to follow in the footsteps of Singapore, where 80-plus percent of Singaporeans have been enabled to purchase their flats through a central fund on an installment plan. Lu Ping personally believes that to achieve Singapore's level, Hong Kong must also set up a central fund system. Hong Kong has already made the first step in setting up a mandatory Provident Fund; whether or not it will be managed by the government is up to Hong Kong residents to decide.

Lu Ping met with Singapore's Senior Minister Lee Kuan Yew before touring the public housing complex.

Hong Kong: Editorial Commends Lu Ping's Decision on Travel Documents

HK1106064696 Hong Kong HONGKONG
STANDARD in English 11 Jun 96 p 12

[Editorial: "Lu Clears The Air For CI Holders"]

[PTS Transcribed Text for FBIS] Among the chief benefits of the countdown to July next year has been the attention that has been focused on certain aspects of our society, including members of the community who were born in China and will need travel documents after the handover.

Between now and the handover date many loose ends will have to be tied to ensure Hong Kong's smooth transition from British to Chinese hands. The broad principles have been agreed on, but some of the nitty gritty of the transfer will be sensitive and trying. Both those adjectives apply to the passport issue.

That is why we were glad to hear from the Director of the Hong Kong and Macao Affairs Office, Lu

Ping, yesterday that Certificates of Identity (CI) would continue to be valid beyond the handover date.

Mr Lu contradicted an earlier statement made by Chinese Vice-Premier Qian Qichen, who recently told a visiting group from the travel industry that CI holders would need to go through the process of extending the documents, which technically become invalid once Hong Kong reverts back to China.

But according to Mr Lu, the issue had long been resolved by the Joint Liaison Group. A Security Branch official confirmed that CI holders would not need to apply for extensions as long as their documents remained valid.

The government will stop issuing CIs after July next year and CI holders who apply for SAR passports must surrender their old travel documents.

At the same time, the head of the political affairs department of the Hong Kong and Macao Affairs Office, Xu Ze, emphasised that Hong Kong Documents of Identity (DI) could also straddle 1997.

Was Mr Qian misquoted by the travel industry representatives? Is this a case where China's right hand doesn't know what the left hand is doing? It doesn't matter. All that matters is that Mr Lu moved quickly to clarify the situation.

It may sound like a petty detail. But any law drafter will tell you that the devil is in the details.

Besides, what may seem like a detail to others is very important to the holders of these travel documents, most of whom were born in China.

It would have made life very difficult for them if they had been unable to extend these documents. The mechanics of issuing documents would have resulted in a long wait for the correct travel documents. What if they needed to travel overseas for business reasons in the meantime?

The decision was pragmatic and sensible. And Mr Lu is to be commended for his promptness in clarifying the matter.

Hong Kong: CNAC Group Becomes Dragonair's Largest Shareholder

OW1006141096 Beijing XINHUA in English
1313 GMT 10 Jun 96

[FBIS Transcribed Text] Hong Kong, June 10 (XINHUA) — China National Aviation Corporation (Group) Limited (CNAC Group) has become the largest shareholder of Hong Kong Dragon Airline Limited (Dragonair) with 35.86 percent, according to a joint press

release issued today by Dragonair's present four major shareholders.

The four shareholders of Dragonair include CNAC Group, CITIC Pacific Limited (CITIC Pacific), Swire Pacific Limited (Swire) and Cathay Pacific Airways (CPA).

On May 17, the four corporations announced the execution of conditional agreements regarding the placement of shares in CPA (New CPA Shares) to CITIC Pacific and the acquisition of interests in Dragonair by CNAC Group.

The four corporations announced today that as a result of shareholders of CPA approving, the placement and authorizing the allotment and issue of the New CPA shares and the Listing Committee of the Stock Exchange of Hong Kong Limited agreeing to grant listing of and permission deal in the New CPA shares, those agreements have become unconditional and both transactions have been completed today.

The release said that following completion of the Dragonair acquisition transaction, CNAC Group has become the largest shareholder of Dragonair.

It said that as from June 10, Wang Guixiang, chairman of China National Aviation Corporation (HK) Limited (CNAC HK), Yao Shaoxian, general manager of CNAC HK, Thomas H.K. Tsang, deputy general manager of CNAC HK, have been appointed to the Board of Dragonair. Yao and Tsang have also joined the Executive Committee of Dragonair.

CITIC Pacific and Swire/CPA will retain Dragonair's shareholdings of 28.5 and 25.5 percent respectively.

Hong Kong: Business Community To Air Views on New Chief Executive

HK1106061296 Hong Kong SOUTH CHINA
MORNING POST in English 11 Jun 96 p 4

[By Angela Li]

[PTS Transcribed Text for FBIS] The expatriate business community is to air its views on Thursday [13 June] over the future chief executive.

The meeting follows a letter from shipping executive Dr Helmut Sohmen to business chambers, in which he said Chief Secretary Anson Chan Fang On-sang was the best choice for the post.

On his return from an overseas trip yesterday, Dr Sohmen, son-in-law of the late tycoon Sir Yue-kong Pao, began inviting leaders of the 18 foreign chambers of commerce based in the territory to the meeting.

Dr Sohmen's spokesman Manon Copini said: "We have received a few replies saying that they are willing to explore the idea." But she said chamber leaders had not committed themselves to the idea one way or the other.

The meeting will provide a forum for foreign chambers to express their feelings and discuss how to proceed with the issue.

Dr Sohmen said in his letter that none of the other candidates for the top post seemed to have Mrs Chan's "profile or charisma". He hoped the chambers could agree on a public statement making known their support, if a majority agreed Mrs Chan was suitable. His intention was to increase public awareness of the issue by urging the expatriate business community to spark a public debate, he said.

Dr Sohmen declined to comment on the issue yesterday.

Hong Kong: Editorial Urges Industrialists To Help Avert Trade War

HK0606064096 Hong Kong EASTERN EXPRESS
in English 6 Jun 96 p 18

[Editorial: "HK Experts Can Avert Trade War"]

[PTS Transcribed Text for FBIS] One of the main reasons why Hong Kong suffered the ignominy of being threatened with inclusion in the United States Trade Representative "watch-list" of countries failing to adequately protect US copyrights and other intellectual property, was the knowledge that some mainland factories were funded by local investors.

This is possibly why the latest US proposal to resolve the piracy dispute with China involves the help and expertise of some of the territory's industrialists. Washington wants to use them as intermediaries, because of their experience of business ventures in China and their grasp of the complexities of operating there.

Legislators James Tien, of the General Chamber of Commerce, and Henry Tang, who represents the functional constituency of import-export, have met Lee Sands, the US negotiator in the Beijing talks, and believe the latest idea could be mutually beneficial to all sides.

Hong Kong's listing by the US early last month caused much offence here, on the grounds that the law enforcement agencies did their best to pursue offenders, and the law was rigorously enforced when pirates were caught.

Part of the problem in the past was that neither the Hong Kong police nor the Customs and Excise could bring charges against local syndicates involved in piracy operations on the mainland. However, that hurdle was

removed with the passing of the Intellectual Property Amendment Bill in April.

Now a much happier solution to the whole question of copyright piracy has been proposed by the Washington deputation who are trying to resolve the threatened trade war. They suggest a joint venture that would allow the Chinese factories to go on producing CDs, CD-ROMS, computer software and videos, but as legitimate operators. The scheme has much to recommend it.

It is the creativity, research and development costs that are the roots of the argument here. Once a product is off the drawing-board and into the factory, manufacturing costs are often negligible. It may involve millions of dollars and years of scientific experiments to perfect the merchandise, but once that is completed, the price on the production line may amount to little more than a few dollars.

Hong Kong: XINHUA Reports Hong Kong To Close Migrant Detention Center

OW1006133796 Beijing XINHUA in English
1232 GMT 10 Jun 96

[FBIS Transcribed Text] Hong Kong, June 10 (XINHUA) — The Hong Kong Government announced today that the Tai A Chau Detention Center for Vietnamese migrants (VM) will be closed in September.

"As the VM population decreases, it is a logical step to consolidate the population into fewer camps under unified management of the Correctional Services Department," a government spokesman said.

He said the current total number of Vietnamese migrants is 16,000, which does not justify maintaining three camps. The annual management contract and related costs for maintaining Tai A Chau, now holding 5,600 VMs, amount to over 55 million HK dollars (7.05 million US dollars) a year.

The spokesman urged all the VMs to join the voluntary repatriation program as soon as possible, certainly by June 30, the deadline for application for the US "Resettlement Opportunity for Vietnamese Returnees Scheme."

"Their only future lies in returning to Vietnam," he said.

All the VMs in Tai A Chau Detention Center will be transferred to Whitehead Detention Center in September.

Noting that the Orderly Repatriation Program is now conducted at a monthly rate of at least 600 and more VMs have volunteered to return, the spokesman said the camp population was expected to be reduced at a faster pace over the coming months.

Hong Kong: Feature Article on Hong Kong Railway
OW1006114596 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0839 GMT 4 Jun 96

[Feature article by Hong Kong ZTS reporter Zheng Cheng (6774 6134): "Why Does the Hong Kong Government Refuse to Negotiate With China on Northwest Railway Construction Which Goes Beyond 1997?"]

[FBIS Translated Text] Hong Kong, 4 Jun (ZTS) — China always actively supports the plan for building the Northwest Railway in Hong Kong's New Territories. Owing to the huge capital involved and the fact that the construction will go beyond 1997, China maintains that China and Britain should discuss and cooperate on this project. Regrettably, the British side has been stalling and has yet to discuss the matter with China.

Hong Kong needs railways and development of its railway network, of which the Northwest Railway is an important part. Not only will this new Hong Kong-hinterland China passageway promote the development of northwest New Territories, but it will also alleviate the area's traffic congestion and problems of thousands of people who commute between Kowloon and Hong Kong.

Because construction of the Northwest Railway will go beyond 1997 and will not start until after 1997, the issue should be submitted to the Sino-British Joint Liaison Group [JLG] for discussion as the Sino-British Joint Declaration dictates. Thus, ever since 1995, the Chinese side has on many occasions proposed to the British side that construction of the railway be placed on the JLG's official agenda, and hoped that the two sides would discuss the railway's construction plan, including its design, budget, and cost. However, the British side has yet to respond positively to the Chinese side's proposal. Only a one-hour meeting was held last February to brief the Chinese side. As for the Chinese side's request for information concerning the railway, the British side has yet to provide the Chinese side with anything.

Recently, the Hong Kong Government even disregarded the invitations which the Economic Subcommittee of the Hong Kong Special Administrative Region [HK-SAR] Preparatory Committee extended to relevant officials and refused to send any official to report on the development of the Northwest Railway construction plan. Later, a senior official of the Hong Kong Government repeatedly indicated that the time was not appropriate to discuss the railway with the Chinese side because the Hong Kong Government had yet to make a "final decision" on the project. That was really a very poor excuse, which fully shows that the Hong Kong Government simply has no intention of cooperating with

the Chinese side, but wants to draw up the plan single-handedly and force the Chinese side to accept it when a "final decision" has been made. Meanwhile, another senior official of the Hong Kong Government has stated clearly that construction of the Northwest Railway will "start early next year" according to plan. This exposes what is going on. How can this gigantic project start early next year, only a few months from now, if there is not yet a general plan? People have all reasons to suspect that the Hong Kong Government has already drawn up the general plan; it does not want to discuss and cooperate with the Chinese side so that it can proceed with the secret scheme alone.

People have learned from various quarters that the Kowloon Railway Company [KRC], which is totally owned by the Hong Kong Government, is about to extend a large number of consulting contracts with a total value of more than \$5 billion, and that the company has also hired nearly 200 engineers, paying them salaries much higher than normal. Moreover, while the company had accumulated over HK\$2.2 billion in profits over the past two years, the Hong Kong Government has generously exempted the company's payout obligations and let the company, which is the railway's stockholder, retain the full amount of profits for its own use. No wonder a Legislative Council member questioned the Hong Kong Government's covert subsidy and asked whether it has anything to do with the railway's construction plan.

After examining the moves made by the Hong Kong Government and the KRC, observers believe that the Hong Kong Government is using the KRC's clandestine plan to create a fait accompli on the railway project and then force China to accept it. In addition to the Hong Kong Government and China, taxpayers in Hong Kong also know quite well who will be the greatest beneficiary, because they have learned from the regulations that all buses and subway commuter trains used in Hong Kong must be imported from Britain. Even if China rejects the arrangements in the future, the billions in consulting fees that have been spent will by then be safely pocketed. What the future HKSAR Government must watch out is incalculable problems dealing with the post-1997 railway contracts that the stalling and uncooperative Hong Kong Government will arbitrarily extend to its favorite businesses and companies on very favorable terms.

As to the construction cost of the Northwest Railway, which is of great concern for Hong Kong residents, the most recent estimate puts it at HK\$80 billion. Based on this estimate, the average per-kilometer construction cost of the Northwest Railway, which is only 52 kilometers in length, is as high as HK\$ 1.5 billion.

Compared with the average per-kilometer construction cost of the Beijing-Kowloon Railway, which is 15.77 million yuan, the average per-kilometer construction cost of the Northwest Railway is almost 100 times higher. The gap is way too wide, even one considers the difference in construction costs in these two places. What's more, it is highly possible that this construction cost will continue to increase. According to an estimate made by the KRC in 1992, the construction cost of the Northwest Railway was HK\$23 billion. It jumped to HK\$30 billion in May 1994, to HK\$50 billion in July 1995, and to HK\$75 billion in November 1995, according to a new consulting report. Besides, the compensation for requisition of land was not included in this figure. A senior official of the Hong Kong Government in charge of land affairs said in February this year that relevant expenses for the requisition of land will be about HK\$5.4 billion, which means the construction cost of the Northwest Railway will reach HK\$80 billion. Nobody can guarantee that the Hong Kong Government will not continue to jack up the construction cost of this railway. But taxpayers in Hong Kong are entitled to ask the Hong Kong Government: Why did the construction cost of the Northwest Railway inflate so fast, like a balloon? The Hong Kong Government has an obligation to give them a convincing answer.

With this background, people will not find it hard to understand why Chen Zuor, Chinese representative on the JLG, would issue a statement saying that before an agreement is reached by both Chinese and British sides on the overall design and financial arrangements, the British Hong Kong Government should not unilaterally approve any engineering consulting, design, construction, financial, or other contracts; nor should it unilaterally amend regulations concerning requisition of land. Otherwise, it will be impossible for the Government of the HKSAR to recognize them.

Hong Kong: Democrats To Conduct Mock Election for Chief Executive

HK1106063596 Hong Kong HONGKONG
STANDARD in English 11 Jun 96 p 1

[By Carmen Cheung]

[PTS Transcribed Text for FBIS] The Democratic Party is planning to conduct mock elections for the first chief executive of the Special Administrative Region through the Internet and street balloting.

Party chairman Martin Lee Chu-ming will run against shipping magnate Tung Chee-hwa, solicitor Lo Tak-shing and Chief Secretary Anson Chan Fang On-sang for the top post.

The main objective of the election is to put public pressure on the 400-strong selection committee appointed by China to nominate the chief executive.

The party also hopes to educate the public on the significance of selection through universal suffrage.

The Internet election, expected to reach at least 200,000 local users and numerous overseas subscribers, will be launched by the end of this month.

Party sources told The Hongkong Standard that the Internet poll would include the three candidates who have been most widely speculated about—Mr Tung, Mr Lo and Mrs Chan.

"All the relevant information about the candidates, including personal information, news reports and previous public speeches will be put on the home pages of the Internet," the source said.

However, lawyer Paul Tse Wai-chun, who recently announced he would seek nomination, will not be included on the party home pages.

Mr Tse does not fulfill the minimum age requirement for candidacy, as set out in the Basic Law.

Plans are yet to be finalised for the street ballot, but it is planned for October once the selection committee is in place.

The party will use a powerful computer system to help its campaign contact the almost two million eligible voters.

Sources said the party was considering proposing Mr Lee as the sole candidate, and the electorate would be asked to cast a confidence vote on the party chief.

The other possibility is to pit Mr Lee against the other three proposed candidates.

Party vice-chairman Anthony Cheung Bing-leung said the party would discuss the street ballot proposal in the standing committee of its executive committee meeting next week.

The Democratic Party, regardless of its popularity in the territory, has long been considered unfriendly by China.

It has been excluded from the establishment of the SAR, including participation in the selection committee.

Sources said the mock elections were the climax of a series of actions targeting the work of the selection committee.

Other protests include two motion debates to be moved by Mr Lee and vice-chairman Yeung Sum in the Legislative Council before the recess.

Mr Lee will urge the Chinese government to implement the principle of "one country, two systems—Hong Kong people ruling Hong Kong" and will propose the territory has a "high degree of autonomy". He will insist China should not interfere with Hong Kong's internal affairs.

Furthermore, he will use the campaign as a platform to call upon Hong Kong people to safeguard democracy in the territory, its judiciary, human rights, freedom and its present style of life.

The motion debate moved by Mr Yeung will urge China to amend the Basic Law to elect the chief executive and the first legislature democratically.

The party will also hold a countdown candle-light vigil at Chater Garden, outside the Legislative Council, on 30 June focusing on the development of democracy and human rights.

The source said the vigil would serve as a warm-up for another vigil on 30 June 1997-Hong Kong's last day under British authority.

"When it is almost the reality that our members will be excluded from the selection committee, we should seek a role to play," the source explained.

Hong Kong: Deadline On Privy Council Appeals Set for Autumn

HK1106060496 Hong Kong SOUTH CHINA MORNING POST in English 11 Jun 96 p 4

[By May Sin-Mi Hon]

[PTS Transcribed Text for FBIS] An informal deadline for people to lodge appeals with the Privy Council will be decided by the autumn.

The aim is to ensure an orderly transfer of cases so that no one will be deprived of the right of final appeal. The Court of Final Appeal will replace the Privy Council after the handover.

The Government will discuss with the Judicial Committee of the Privy Council and the team-designate of the Special Administrative Region on how to transfer any unfinished business on July 1, 1997, Deputy Director of Administration Paul Tang Kwok-wai told a Legco panel.

He said assurances had been received from the Privy Council that it would give priority to appeals from Hong Kong in the months before the handover.

Mr Tang said appointments to the Court of Final Appeal could not be made until the law setting up the court took effect on July 1 next year.

Article 88 of the Basic Law says the judges will be appointed by the Chief Executive on the recommendation of the independent Judicial Officers Recommendation Commission.

Legislator Bruce Liu Sing-lee questioned whether the court could be set up on time as the Basic Law says judges should be approved by the legislature. But China will replace Legco with the provisional legislature at the handover.

Mr Tang said the court could be set up on that date with its judges approved by the legislature that day. He did not say whether the provisional legislature had the authority to approve the judges.

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